

31 JULY 2012

ASX : NAE

Quarterly Report to 30th June 2012

New Age Exploration Limited (“NAE” or “the Company”) is pleased to provide shareholders with its Quarterly Report for the period ending 30th June 2012.

The past quarter marked a significant milestone for New Age Exploration, with the Company diversifying the geography of its portfolio of assets to include the United Kingdom, following the acquisition of the Lochinvar Coking Coal Project, located on the Scottish and English borders. In addition, the Company has also made significant progress within its Colombian coking and thermal coal project portfolio.

The following achievements mark a highly successful quarter for NAE:

- **67.5km² underground licence over the Lochinvar Coking Coal Project granted to NAE by the UK Coal Authority - Conceptual Exploration Target of 330 to 410 million tonnes of potential coking and PCI coal**
- **Commencement of Phase 1 Drilling Program at La Miel thermal coal project in Cesar Basin - Conceptual Exploration Target of 50 – 200Mt**
- **Terranova Hard Coking Coal Project development plan restructured to target long term production**
- **Cash settlement of US\$1 million received for recovery costs previously incurred for the Alquife project**
- **\$1.165 million raised from Share Placement Agreement**

Managing Director Gary Fietz commented, *“It has been a remarkable quarter for the Company with the expansion of our operations to the United Kingdom following the grant of the Lochinvar licence – our first project outside of Colombia. The Lochinvar licence, coupled with the commencement of Phase 1 drilling at La Miel, significantly strengthens our position as an emerging near term coal producer.”*

LOCHINVAR COKING COAL PROJECT

In June, the Company was granted an underground licence over the Lochinvar Coking Coal Project covering 67.5km² by the UK Coal Authority. The Lochinvar Project is located 21 km north of Carlisle and 120 km south-east of Glasgow.

A conceptual exploration target of 330-410 Mt of potential coking and PCI coal has been determined by SRK Consultants, the Company's UK technical consultants, based on 13 boreholes and 55 km of seismic lines completed by the National Coal Board (NCB) from the 1950's to the 1980's.

Preliminary assessment by SRK, primarily on the Glenzierfoot, Knottyholm and Rowanburnfoot boreholes indicate a high volatile coking coal with swell indices between 6 to 8 and Gray King indices around the G5 and G6 levels. This indicates that Lochinvar may be able to produce a coking coal at least in the semi-hard to hard coking coal range.

Lochinvar benefits significantly from its close proximity to all major infrastructure, with both the major London to Glasgow railway and London to Glasgow motorway within 2.5km of the property. Ports are accessible by road and rail, with Workington and Whitehaven situated within 80km and Liverpool within 220km. Immingham bulk terminal is situated 330km away by rail for deep-water export

NAE is progressing a drilling program with the intention to achieve a JORC Inferred Resource and to commence a scoping study within one year. NAE anticipates expenditure, including drilling program, of around A\$3m to delineate an initial JORC resource within one year.

LA MIEL

The Company commenced its Phase 1 Drilling Program at the La Miel thermal coal project located in the Cesar Basin in northern Colombia in April. The principal objective of the drilling program is to confirm existence and thickness of coal seams.

Based on seismic interpretation, the La Miel Project has a Conceptual Exploration Target of 50-200Mt with depth to top of target coal formation ranging from 400m to 800m.

NAE signed a drilling contract with local Colombian drilling contractor LTG for the Phase 1 Drilling of the La Miel Project, consisting of a program of three open hole boreholes, each up to 850m deep.

LTG won a competitive tender process involving 12 Colombian drilling companies being invited to tender with bids received from 4 drilling companies.

The Company has incurred delays in drilling the La Miel Project due to flooding. It expects completion of the first borehole to be early August.

TERRANOVA HARD COKING COAL PROJECT

The Company announced in June that it had modified its existing development plan for the Terranova Project to target long term production of 0.5 Mt pa commencing 2014, as a result of a six month delay caused by permitting schedules and the completion of the Bankable Feasibility Study.

As such, NAE elected to focus on progressing the approval of the mine extension at the 887T concession and further studies on the FL2-151 concession to underpin a long term production project.

CORPORATE

In June, NAE announced it had received US\$1 million in cash as settlement of a claim regarding recovery of costs previously incurred on the Alquife iron ore project.

In April, the Company announced it had entered into a binding Placement Agreement for 11,650,000 new shares at an issue price of 10 cents per share, raising \$1,165,000 before associated costs.

The Placement Agreement was entered into with one of its major shareholders, Mr Chee Siew Yaw.

STAKEHOLDER ENGAGEMENT ACTIVITY

Managing Director Gary Fietz presented at the Symposium Resources Round-Up in Sydney and Melbourne in June.

ENDS

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Competent Person Statement – Lochinvar Project:

Information in this document that relates to Exploration Results for the Lochinvar project is based on information compiled by 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.

Competent Person Statement – Colombian Projects:

Information in this document that relates to Mineral Resources and Exploration Results for the Colombian Projects 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.

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 (ócurrent quarterô)

30 June 2012

Consolidated statement of cash flows

		Current quarter \$Aó000	Year to date (12 months) \$Aó000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation	(1,113)	(3,593)
	(b) development		
	(c) production		
	(d) administration	(592)	(1,810)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	29	163
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		(1,676)	(5,240)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects (inc development)		
	(b) equity investments		
	(c) other fixed assets	(51)	(84)
1.9	Proceeds from sale of:		
	(a) prospects	1,104	1,104
	(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		1,053	1,020
1.13	Total operating and investing cash flows (carried forward)	(623)	(4,220)

1.13	Total operating and investing cash flows (brought forward)	(623)	(4,220)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1,225	5,227
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 ñ capital raising costs	(69)	(169)
	Net financing cash flows	1,156	5,058
	Net increase (decrease) in cash held	533	838
1.20	Cash at beginning of quarter/year to date	2,975	2,670
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	3,508	3,508

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	254
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	100	100

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,600
4.2 Development	
4.3 Production	
4.4 Administration (including costs associated with new project/opportunity assessment and due diligence)	470
Total	2,070

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	1,442	975
5.2 Deposits at call	2,066	2,000
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	3,508	2,975

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	Lochinvar coal concession (UK)	Acquired under application	-	100%

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 (description)				
7.2	Changes during quarter				
	(a) Increases through issues				
	(b) Decreases through returns of capital, buy-backs, redemptions				
7.3	⁺Ordinary securities	142,902,828	142,902,828		-
7.4	Changes during quarter				
	(a) Increases through issues	11,650,000	11,650,000	10	10
	(b) Decreases through returns of capital, buy-backs				
7.5	⁺Convertible debt securities (description)				
7.6	Changes during quarter				
	(a) Increases through issues				
	(b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	16,450,000	-	<i>Exercise price</i> 10	<i>Expiry date</i> 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
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (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:
(Director/Company secretary)

Date: 31 July 2012

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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