

11 MAY 2011

ASX : NAE

ASX ANNOUNCEMENT**Acquisition of Coal Concessions in Cesar Basin, Colombia**

New Age Exploration Limited (“NAE”) announces that it has entered into binding agreements to acquire two exploration and mining concessions within the Cesar thermal coal basin in Colombia through the NAE-Aurora Partnership.

This acquisition follows the recent announcement that NAE has formed a partnership to pursue thermal and coking coal projects within Colombia with Aurora Energy S.A. (“Aurora”), a leading supplier of mining and processing equipment and consultancy services within the Colombian coal sector.

Highlights

- **NAE-Aurora Partnership completes first transaction (NAE 90% and Aurora 10%)**
- **100% acquisition of two exploration and mining concessions, totalling 4,141 hectares in the world class Cesar thermal coal basin (“Cesar Project”)**
- **Concessions are contiguous with major open pit export thermal coal mining operations currently operated by Vale and Drummond**
- **Conceptual exploration target of 200-800 million tonnes export quality thermal coal has been identified at the Cesar Project**
- **The target sequence typically has a total coal seam thickness of up to 35m, containing multiple coal seams 2m to 6m thick**
- **Initial due diligence has confirmed the potential for both concessions to host the target sequence at depths accessible via conventional underground mining methods**

NAE Managing Director Gary Fietz commented, “We are very pleased to announce that our newly formed partnership with Aurora has successfully concluded its first transaction in Colombia. The Cesar Project acquisition represents a large underground export thermal coal target, strategically located in the world class Cesar Basin.”

“The Cesar Project represents down dip extensions of adjacent major open pit export thermal coal mines and known deposits. We have commenced planning the first stage exploration program which will comprise of seismic re-interpretation and initial drilling.”

“This transaction is the first step in the development of NAE’s thermal and coking coal project portfolio in Colombia. We remain focussed on building on our portfolio and as such, we are continuing to review a number of other potential opportunities within Colombia.”

The Cesar Coal Basin

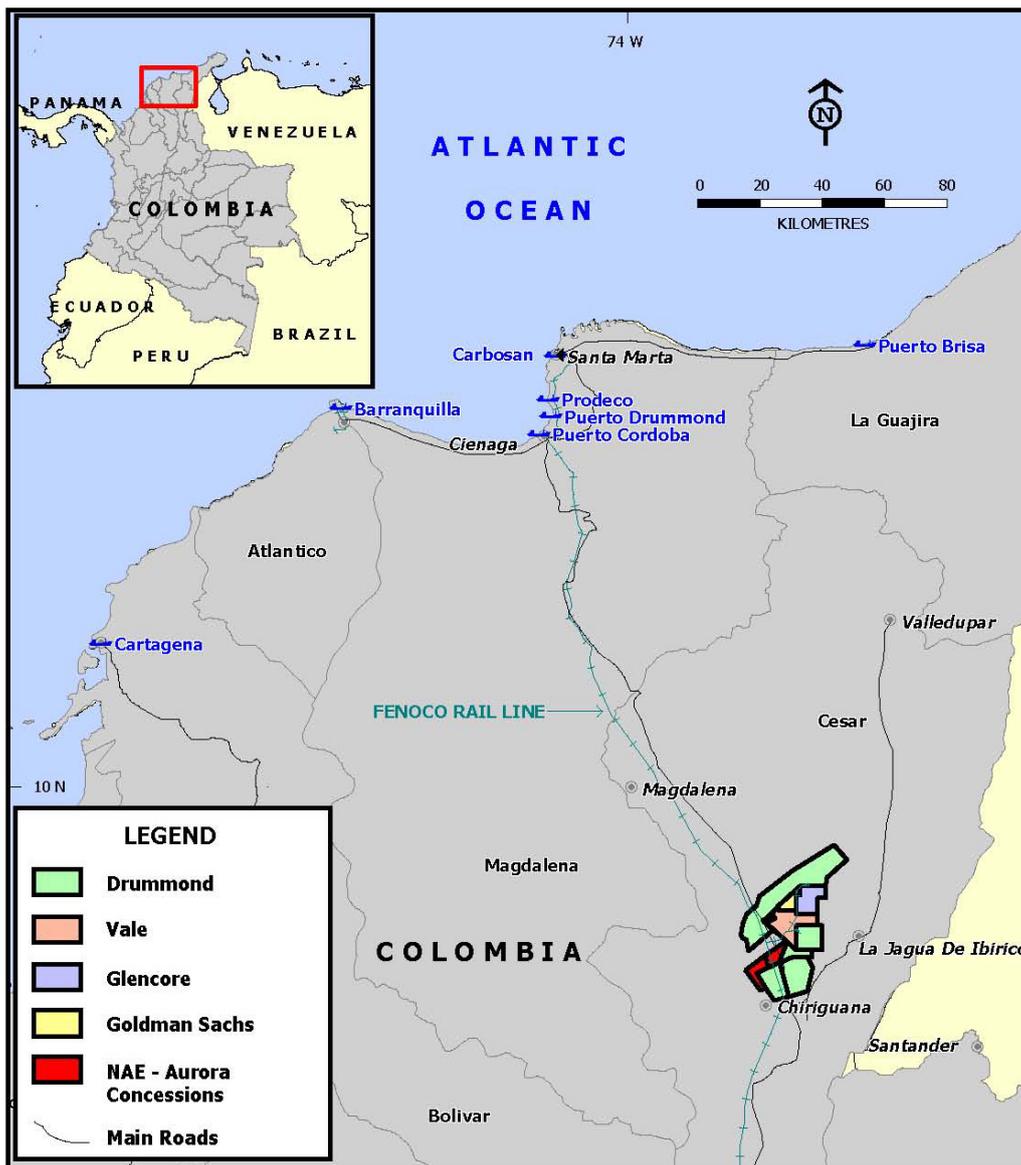
The Cesar Basin is located in Northern Colombia in the Department of Cesar, approximately 100km south of the city of Valledupar (Figure 1).

The Cesar Basin contains a number of major open cut export thermal coal mines in which the economic coal seams are hosted by the Middle Los Cuervos Formation (“MLCF”). The MLCF typically contains multiple coal seams between 2m and 6m thick with a total coal thickness of up to 35m.

Major open pit export thermal coal mining operations in the Cesar Basin include Glencore (La Jagua and Calenturitas), Vale (El Hatillo), Drummond (El Descanso and La Loma-El Boqueron Mining Complex) and Goldman Sachs (La Francia). Production from the Cesar Basin is currently circa 40Mtpa and is forecast to increase to over 75Mtpa by 2015.

Coal produced from the Cesar Basin is widely recognised as high quality, low sulphur thermal coal with calorific values in the range of 6,100 to 7,000 kcal/kg, which is exported primarily in European and North American thermal coal markets. Glencore’s La Jagua operation also produces between 0.5 and 1.5Mtpa of high volatile Pulverized Coal Injection (“PCI”) coal for sale to the metallurgical coal markets.

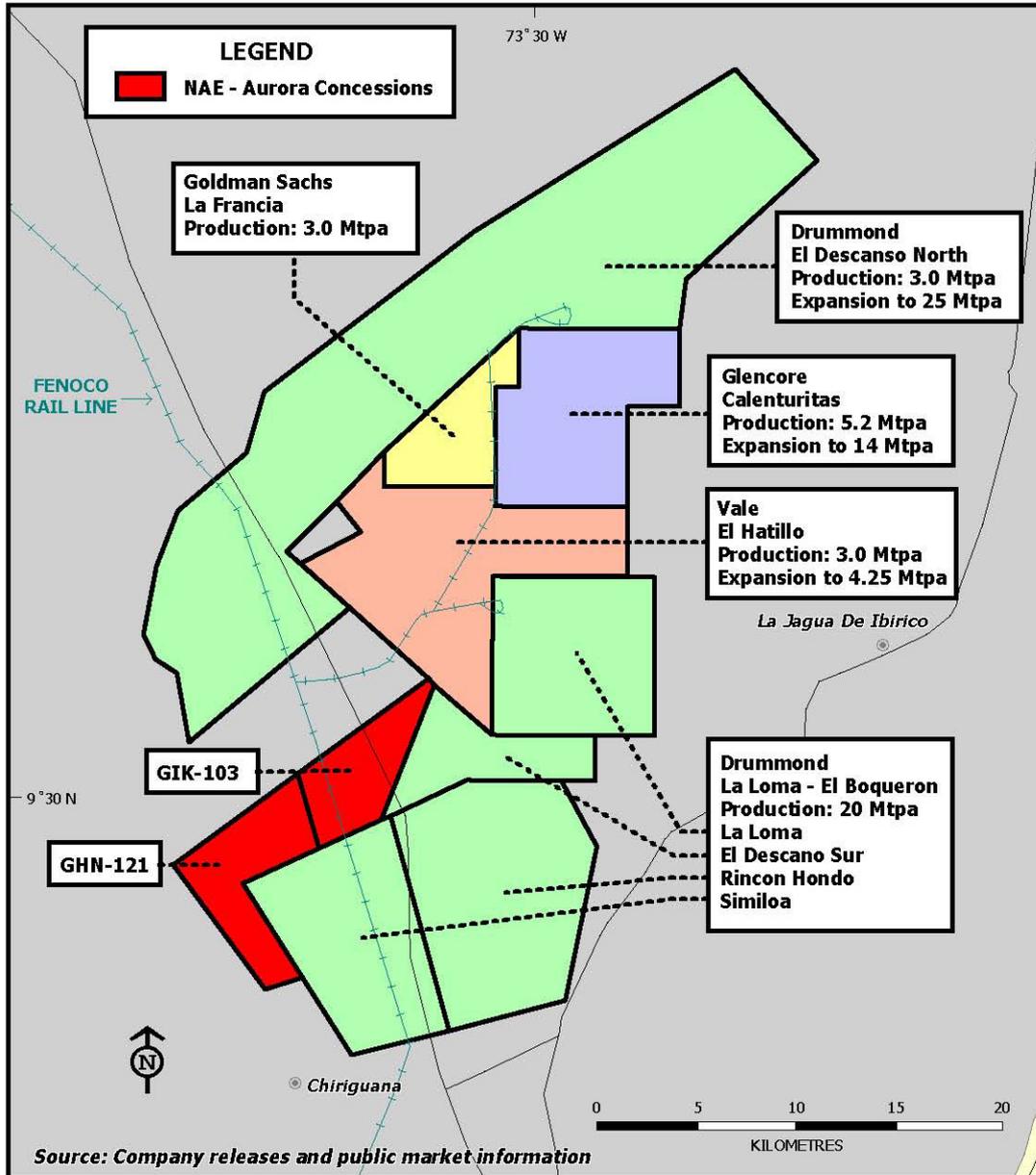
Figure 1 - Cesar Coal Basin showing Rail and Port Infrastructure



The Cesar Project

The Cesar Project consists of two concessions, GHN-121 (1,554 hectares) and GIK-103 (2,587 hectares) located in the south western edge of the Cesar thermal coal basin (Figure 2). The concessions are contiguous with concessions held by Drummond (Similoa, Rincon Hondo, and El Descanso Sur deposits, part of the La Loma-El Boqueron Mining Complex) and Vale (El Hatillo deposit).

Figure 2 - Cesar Thermal Coal Basin Concessions and Major Mines



Seismic interpretations indicate the target sequence (MLCF) is likely to be present on both of the Cesar Project concessions at depths generally accessible via conventional underground mining methods.

A conceptual exploration target of 200-800 million tonnes of export quality thermal coal has been identified at the Cesar Project.

Transportation Logistics

Rail

The majority of coal from the Cesar Basin is transported by rail approximately 200 km to a number of export port facilities near Santa Marta.

The rail line is operated and maintained by Ferrocarriles del Norte de Colombia (“Fenoco”) which has been granted the railway concession from Chiguana to Santa Marta by the Colombian Government. Fenoco is owned by the major coal producing companies in the Cesar Basin, with Drummond holding a 40.96% interest and Glencore (Prodeco) holding a 39.76% interest. The remainder is held by Vale (8.43%) Carboandes and Carbones del Cesar.

The current capacity of the Fenoco rail line is approximately 50 Mtpa. Fenoco is currently undertaking a US\$1.07 Billion project to expand the capacity of the line to 100 Mtpa, which is expected to be finished by 2015. The Fenoco line crosses one of the Cesar Project concessions acquired by NAE-Aurora.

Road

In addition, numerous road haulage options are available connecting to a number of major export ports on the northern coast of Colombia which are within 200 km from the Cesar Project concessions.

Ports

There are a number of export coal port options available to the NAE-Aurora Cesar Project in the Santa Marta and Barranquilla areas.

Rail and port access arrangements will be considered as part of the project development studies.

Transaction Overview

NAE and Aurora have signed a binding agreement to acquire 100% of the following Concessions granting the right to explore and mine coal in the Cesar Basin:

Concession	Area (Hectares)	Date Granted	Initial Term	Extension Available	Acquired From
GHN-121	1,554	10.10.2006	30 Years	+ 30 Years	Nicanor Fontalvo Ricaurte
GIK- 103	2,587	07.12.2006	30 Years	+ 30 Years	Silvia Elena Lopera Aguirre

The key terms of the agreement are as follows:

- Initial Payment of US\$200,000 on signing the agreement
- Second Payment of US\$200,000 on completion of 90 day due diligence period
- Payment of US\$0.075 – US\$0.15 per tonne of underground JORC Measured Resource / US\$0.50 - US\$1.00 per tonne of open pit JORC Measured Resource - Total Measured Resource payments are capped at US\$25 million
- Payment of US\$1 million on commencement of commercial production
- Royalty payable of US\$1.00 per tonne underground production and US\$1.50 per tonne open pit production

- NAE holds a 90% interest and Aurora holds a 10% interest in the concessions with NAE-Aurora's combined interest governed by the terms of the recently announced NAE-Aurora Partnership Agreement

The transaction structure involves only small payments prior to definition of a JORC Measured Resource, allowing the majority of initial investment to be spent on exploration and development until such time as there is a high level of geological confidence in the resource.

Next Steps

The NAE-Aurora Partnership has commenced acquiring historical seismic data for the Cesar Project and is currently in the process of engaging geophysical consultants to reprocess and interpret the data. NAE anticipates that this process will take 1-2 months.

Upon completion, the seismic data will be used to plan an initial drilling program of up to 6 holes to confirm the presence of the MLCF and target seams and commence the delineation of a JORC resource for the Cesar Project.

Competent Person Statement:

Information in this document that relates to Exploration Results 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.

The conceptual exploration target estimate above is based mainly upon (a) interpretation of legacy seismic profiles (ca. 30 years old) to assess the likely geological structure; and (b) and comparisons with the coal-bearing sequences exploited in adjacent or nearby licence blocks to assess likely coal thicknesses. The project is at an early stage, and so the target tonnages 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 currently unforeseen geological losses. The range in the tonnage estimate reflects chiefly the current uncertainty (without direct borehole evidence) of the total thickness of mineable coal.

ENDS

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