

29 October 2012

ASX : NAE

Quarterly Activities Report for the period ending 30th September 2012

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

The September Quarter was a period of consolidation for the Company, following NAE’s expansion into the United Kingdom earlier in the year through the grant of the exploration licence and conditional underground mining licence over the Lochinvar Coking Coal Project. During the quarter, NAE made significant progress in advancing the Lochinvar project and also at its La Miel Thermal Coal asset in Colombia through its ongoing exploration drilling program.

The following achievements mark the significant progress made this quarter:

- **Successful completion of the first borehole (Borehole 2) of the Phase 1 Exploration Drilling Program at the La Miel Thermal Coal Project in the Cesar Basin**
- **Acquisition of significant historic data including drilling and seismic data for the Lochinvar Project**
- **Appointment of key personnel to the Lochinvar project team with over 120 years of collective experience in the UK coal industry**
- **Establishment of Lochinvar Coal Ltd, a wholly owned subsidiary of NAE, as UK operating Company, post quarter end**
- **Established a 12 month work program for Lochinvar, post quarter end, including a seismic interpretation, phased drilling program, JORC Inferred Resource Estimation and commencement of a Scoping Study**
- **Signing binding agreements for the placement of 115,384,615 new shares at 6.5 cents per share to raise a total of \$7,500,000 before associated costs in 3 tranches, post quarter end. This funding, which is subject to shareholder approval, will ensure that the Company is fully funded to advance it’s work programs at Lochinvar and Colombia for the next year.**

Managing Director Gary Fietz commented, *“We are very pleased with the Company’s progress over the quarter across our key investment assets, and we are excited about commencing drilling on the Company’s flagship coking coal project in the UK, Lochinvar, during the next quarter. The highly experienced project team we have now put in place in the UK is now well positioned to quickly move the Lochinvar Project forward”.*

LOCHINVAR COKING COAL PROJECT

New Age Exploration was granted an underground licence over the Lochinvar Coking Coal Project covering 67.5km² by the UK Coal Authority in June 2012. The Lochinvar Project is located 21 km north of Carlisle and 120 km south-east of Glasgow.

Post Quarter end, the Company announced that it had established Lochinvar Coal Ltd, a wholly owned subsidiary of NAE, as the UK operating entity. In conjunction with establishing Lochinvar Coal Ltd, NAE also assembled a strong project team based in the UK with four key personnel appointed holding over 120 years combined UK coal industry experience. This experience covers geology, exploration, resource estimation, permitting, underground mining and project management.

These key personnel include:

- Ian Wilson – Non Executive Director, Lochinvar Coal Ltd
- Steve Newson – Project Manager
- David Leigh – Exploration Manager
- Dr. Bill Hatton (SRK) – Technical Advisor

NAE is also supported by mineral planning and environmental consultants Dalgleish and Associates who have substantial experience in licensing of mining projects in Scotland.

Lochinvar Drilling Program

The Company has planned a phased drilling program to release an initial JORC Inferred Resource over the Lochinvar Coal Project, followed by a scoping study expected to be completed in Q4 2013.

An initial drilling program is planned to commence early in Q4 2012 and is expected to include:

- Phase 1a – 6 holes for 2,300 metres
- Phase 1b – 9 holes for 3,500 metres

Post period, planning for the drilling was well advanced with the following activities completed:

- Expressions of interest have been received from a number of UK based exploration drilling companies. Shortlisting of drilling companies is underway, with drilling expected to commence in November 2012. Several of the shortlisted drilling companies currently have suitable drill rigs available and capability to complete the drilling to the high quality required;

- A number of the required land access agreements for Phase 1a drilling have been executed, with the remainder expected to be completed in the near future;
- Drilling can be completed under a General Development Order (“GDO”), which requires no council permitting;
- Supplementary access agreements are required from the Coal Authority and these are currently being prepared for the Phase 1a boreholes;
- Ecological surveys have been undertaken for a number of the Phase 1a boreholes and no sensitivities have been identified. Ecological surveys over the remainder of the Phase 1a boreholes are expected to be completed in the near future as land access agreements are completed. An archaeological study covering the Phase 1a boreholes has also been commissioned with NAE currently awaiting the results;
- Assessment of coal testing laboratories within the UK has been completed and preferred suppliers have been identified.

Phases 1a and 1b of the drilling program are focussed on the western 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.

NAE is anticipating releasing drilling results upon completion of the following milestones:

- Completion of first borehole and coal analysis results (Target date – Q1 2013)
- Completion of Phase 1a drilling and JORC Resource update (Target date – Q2 2013)
- Completion of Phase 1b drilling and JORC Resource update (Target date – Q3 2013)

In addition, further drilling will be planned based on the results of Phases 1a and 1b drilling aimed at increasing the understanding of target coal seams, leading into the scoping study.

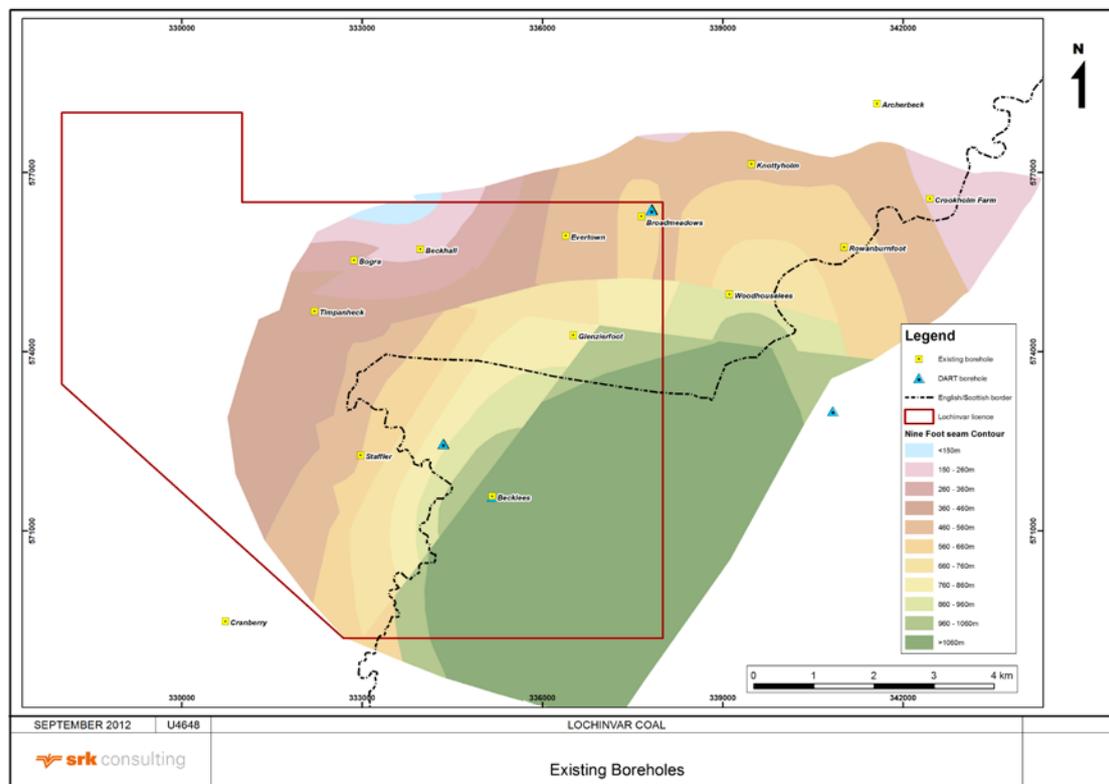
Lochinvar Seismic Re-interpretation

NAE has appointed Tesla Exploration International (UK) to acquire and re-process historic seismic data in the region of the Lochinvar Licence. Tesla are currently reprocessing and reinterpreting key seismic lines to support the proposed drilling program. Results from the seismic reinterpretation are expected to be completed in Q4 2012.

Lochinvar - Acquisition of Historic Data

Historical exploration was undertaken at Lochinvar during the 1950’s by the National Coal Board (“NCB”) who drilled four boreholes, which were subsequently followed up in the late 1970’s and

early 1980's by a further nine boreholes that intersected coal. Since being granted the Lochinvar licence in June 2012, NAE has been undertaking a search of historic drilling data over the coal field, which has improved the Company's understanding of the Lochinvar coal seams and coal quality. Of the 13 historic boreholes drilled by the NCB, there are eight boreholes located within the Lochinvar licence which intersect the target coal seams, including the "Nine Foot" seam. A plan showing the location of the historic NCB boreholes and contours from the surface to the top of the Nine Foot seam is shown in the figure below. A summary of the Nine Foot seam intersections and associated coal quality analysis in the NCB borehole data recovered to date was provided in the 4th October 2012 Lochinvar Project Update announcement.



Historic NCB Borehole Location Plan and Contours from Surface to Nine Foot Seam

The twinning of one or more of the NCB boreholes will provide a quality assessment of the historic data and is expected to provide sufficient assurance that it can be included for future JORC standard resource estimates.

Lochinvar Coal Quality

Preliminary assessment by SRK, the Company's UK consultants, 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 Infrastructure

Lochinvar benefits significantly from its close proximity to all major infrastructure, including;

- The major London to Glasgow railway within 2km of the licence boundary
- 400KV and 132KV power lines within the lease boundary
- The London to Glasgow motorway (M6) within 16km of the property.
- A number of ports are accessible by rail, with Newcastle upon Tyne Port within 130km, Hunterston Port within 180km, Redcar Port within 200km, Hull Port within 280km and Immingham bulk terminal within 330km by rail for deep-water export.

Lochinvar Work Program

The Lochinvar work program for the next 12 months includes further review of historic data, a phased drilling program, JORC resource estimation and completion of a scoping study.

An overview of the intended work program is as follows:

Action	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013
Collation of Historic Data						
Seismic Studies						
Drilling Program						
JORC Resource Estimation						
Conceptual Mine Plan						
Scoping Study						
Decision to Proceed to PFS						*

Dart Energy holds a licence to extract Coal Bed Methane (“CBM”) below a depth of 300m which overlaps the Lochinvar Licence held by NAE. NAE has commenced discussions with Dart Energy about the interaction of NAE’s proposed underground mining project and Dart Energy’s proposed CBM extraction project and discussions to date have been positive.

It is the Company’s intention, on the completion of the drilling program at Lochinvar, to commence a scoping study anticipated to conclude in Q4 2013. The key outcomes of the scoping study will include:

- JORC Inferred Resource estimate
- Conceptual underground mine plan
- Wash plant design
- Surface and transport infrastructure
- Safety, health, environment and community studies
- Coal quality
- Marketing

- Capital and operating cost
- Financial assessment
- Risk analysis

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 during the June 2012 Quarter. 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.

In August 2012, NAE successfully completed the first borehole (Borehole 2) of its Phase 1 Drilling Program at La Miel. Borehole 2 results indicate 15 shallow dipping coal seams with a cumulative thickness of 11.9m at depths of 530m to 770m with the best seam, Seam 14 of 2.7m thickness (including 0.75m parting) being intersected at 764m. The Company is currently drilling the next borehole (Borehole 5) of Phase 1 however heavy rains and drilling difficulties have delayed progress.

TERRANOVA HARD COKING COAL PROJECT

After modifying the previous development plan for the Terranova Project to target long term production, NAE is focusing on progression of the approval of the mine extension on concession 887T and further studies on concession FL2-151 .

ACQUISITION OF REDMOOR TIN & TUNGSTEN PROJECT

On 22 October 2012, The Company announced that it had acquired an Exploration Licence with the option to enter into a Mining Lease with the mineral right owner, to develop and operate a mine at the Redmoor Tin-Tungsten Project in the historic Cornwall mining district of the United Kingdom. The Exploration Licence is valid for 15 years with a further option for a 25 year Mining Lease.

The acquisition comes with an extensive historical exploration database including 12,146m of diamond drilling (35 holes) from which an exploration target has been identified as set out below:

EXPLORATION TARGET (August 2012)				
Tonnes (million)	Sn %	W %	Cu %	Sn(eq) %
6 – 11	0.17 – 0.29	0.12 – 0.20	0.32 – 0.53	0.54 – 0.89

A drill core re-sampling and assaying program is planned to be undertaken in 2013 to verify the historic drilling results aimed at delineating a JORC compliant mineral resource. A strategic review of the alternatives for the Redmoor project will then be undertaken during 2013.

CORPORATE

On 22 October 2012, the Company announced that it had entered into binding agreements for the placement of 115,384,615 new shares at 6.5 cents per share to raise a total of \$7,500,000 before associated costs. The total of \$7,500,000 to be raised via placement of shares at 6.5c per share will be undertaken in 3 tranches as follows:

1. Placement of 7,000,000 shares at 6.5 cents per share (\$455,000) to 3 Australian based private investors who are clients of JA Advisory Pty Ltd, a Sydney based equity advisory group. The placement of these shares from the Company's existing 15% capacity under the ASX Listing Rules, has been completed and funds have been received.
2. Placement of 77,591,051 shares at 6.5 cents per share (\$5,043,418) which will be subject to shareholder approval at the Company's forthcoming Annual General Meeting expected to be held on or about 28th November 2012 as follows:
 - Placement of 28,809,359 shares at 6.5 cents per share (\$1,872,608) to Resource Capital Fund V. L.P. ("RCF V"). RCF V is an existing shareholder and this placement, which will be conducted directly with the Company, if approved by shareholders, will take RCF V to an ownership level of 19.9%.
 - Placement of 27,474,000 shares at 6.5 cents per share (\$1,785,810) to 6 UK based institutional investors who are clients of Ocean Equities Ltd, a London based Institutional Broker.
 - Placement of 11,307,692 shares at 6.5 cents per share (\$735,000) to an Australian institutional investor who is a client of Patersons Securities. An additional placement of 1,384,615 shares at 6.5 cents per share (\$90,000) will be placed to the same investor upon receiving shareholder approval for the third tranche of the placement (see 3 below).
 - Placement of 10,000,000 shares at 6.5 cents per share (\$650,000) to an Australian based private investor who is a client of JA Advisory Pty Ltd
3. Placement of an additional 29,408,949 shares at 6.5 cents per share (\$1,911,582) to RCF V subject to a separate shareholder approval at an extraordinary shareholders meeting expected to be convened in late December 2012 or in January 2013. This placement, if approved by shareholders, will take RCF V to an ownership level of 29%.

On 25 October 2012, the Company announced the resignation of Mr Edwin Stoye as Non-Executive Chairman and director. The Company has commenced the recruitment process in search of a new Non-Executive Chairman and director.

STAKEHOLDER ENGAGEMENT ACTIVITY

Post quarter end, Managing Director Gary Fietz presented the Company's latest investor presentation at the Mines and Money Australia 2012 conference in Sydney in October. NAE received some very positive feedback from conference attendees about the quality of the company portfolio of projects.

Gary will also be presenting to potential investors at the Mining 2012 Conference in Brisbane and also at the Mines and Money UK 2012 Conference in London, both taking place in Q4 this year.

ENDS

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Competent Persons Statement

Information in this document that relates to Mineral Resources and Exploration Targets is based on information compiled by:

Lochinvar, UK: 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.

Redmoor, UK: Information in this document that refers to the exploration target at Redmoor is based on information compiled by Dr. Mike Armitage (C.Geol CEng FGS MIMM) and Mr. Howard Baker (MAusIMM (CP)) who are both full time employees of SRK. Dr Armitage and Mr Baker have more than 5 years experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they have undertaken 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 Armitage and Mr Baker consent to the inclusion in this announcement of the matters based on their information in the form and context in which it appears.

Colombia: Dr Frederick Smith and Bill Hotter, 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 targets are 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 ("current quarter")

30 September 2012

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 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	(730)	(730)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	30	30
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	(700)	(700)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects (inc development)	(904)	(904)
(b) equity investments		
(c) other fixed assets	(7)	(7)
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	(911)	(911)
1.13 Total operating and investing cash flows (carried forward)	(1,611)	(1,611)

1.13	Total operating and investing cash flows (brought forward)	(1,611)	(1,611)
	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 – capital raising costs		
	Net financing cash flows		
	Net increase (decrease) in cash held	(1,611)	(1,611)
1.20	Cash at beginning of quarter/year to date	3,581	3,581
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	1,970	1,970

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	177
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	60	60

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	
4.2 Development	1,600
4.3 Production	
4.4 Administration (including costs associated with new project/opportunity assessment and due diligence)	515
Total	2,115

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	1,861	1,515
5.2 Deposits at call	109	2,066
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	1,970	3,581

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 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	149,902,828	149,902,828		-
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	7,000,000	7,000,000	6.5	6.5
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>
	16,450,000	-	10	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
	500,000	-	10	31/8/2015
7.8 Issued during quarter	500,000	-	10	31/08/2015
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>				

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: 29 October 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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