

23 January 2013

ASX: NAE

ASX ANNOUNCEMENT

Commencement of Drilling at Lochinvar Coking Coal Project (UK)

New Age Exploration Limited ("NAE" or "the Company") is pleased to announce it has commenced the Phase 1a drilling program at the Company's wholly owned Lochinvar Coking Coal Project ("Lochinvar"), located on the Scottish and English border.

Highlights

- Commencement of drilling for the first drill hole, LOI001
- Completion of drilling contract with British Drilling and Freezing Ltd for the completion of Phase 1a drilling program (five holes with an option of a sixth hole)
- Site preparation contract for Phase 1a drilling executed
- Land access agreements for five drill holes in place to date
- Completion of seismic re-interpretation of historical data

NAE Managing Director, Gary Fietz, commented *"The commencement of drilling at Lochinvar marks an important milestone for NAE. We expect 2013 to be a very exciting year and look forward to releasing drilling results and JORC resource estimates for Lochinvar throughout the year. The turn-around time of six months from acquisition to commencement of drilling is a great result and is a reflection of the efforts of both our UK and Australian based teams."*

"The initial drilling (Phase 1a) will provide an understanding of the size and quality of the coal contained within the western part of the Lochinvar project down to depths of 600 metres."

Exploration Drilling

NAE commenced drilling operations at Lochinvar on 21 January 2013. The first hole, LOI001, will twin the “Bogra” exploration borehole completed by the National Coal Board (“NCB”) in 1983. The historic Bogra drill hole intersected seven coal seams between 272 metres and 346 metres. NAE’s LOI001 is located 32 metres from the Bogra hole and the Company anticipates intersecting the primary target seam at approximately 310 metres.



Figure 1 - BDF Drill Rig Set Up on Site



Figure 2 - BDF Drill Rig Commencing Drilling at LOI001

NAE will undertake a full coal quality analysis, including washability and preliminary coking tests, from drill core upon completion of each hole. Results from LOI001 are anticipated in the second half of Q1.

The commencement of drilling at Lochinvar was delayed slightly due to significant flooding within the UK. Due to this, the Company now anticipates the following timing for Phases 1a and 1b of the Lochinvar drill program:

- Completion of first borehole (LOI001) and analysis results Late in Q1 2013
- Completion of Phase 1a and JORC Resource update Early in Q3 2013
- Completion of Phase 1b and JORC Resource update Early in Q4 2013

Drilling Contract

A drilling contract for Phase 1a has been signed with British Drilling and Freezing Company Limited (“BDF”). BDF, a highly experienced exploration drilling company based in Nottingham, England, is the UK’s largest onshore drilling contractor and has extensive experience in drilling coal in the UK. Importantly, BDF has previous experience in drilling within the Canonbie coal field, of which Lochinvar is part of.

Land Access Agreements and Other Approvals

NAE have continued to progress discussions with local landowners to obtain land access agreements for the drilling program. A total of five land access agreements have been completed with four of these also having completed Supplementary Access Agreements with the Coal Authority.

Negotiation for further land access agreements required for Phases 1a and 1b is ongoing and Supplementary Access Agreements will be applied in due course. Archaeological and ecological studies to date have not identified any areas of concern.

No other approvals are currently required to undertake drilling operations for Phase 1a.

Seismic Reinterpretation

NAE has engaged Tesla Exploration International Ltd to re-process and interpret historic seismic data over the Lochinvar licence. Reports and 3D data have been received which support previous structural geological interpretation. The seismic re-interpretation results are being included in planning of the drilling program and will be used as a basis for the resource modelling. A full review of the results is ongoing.

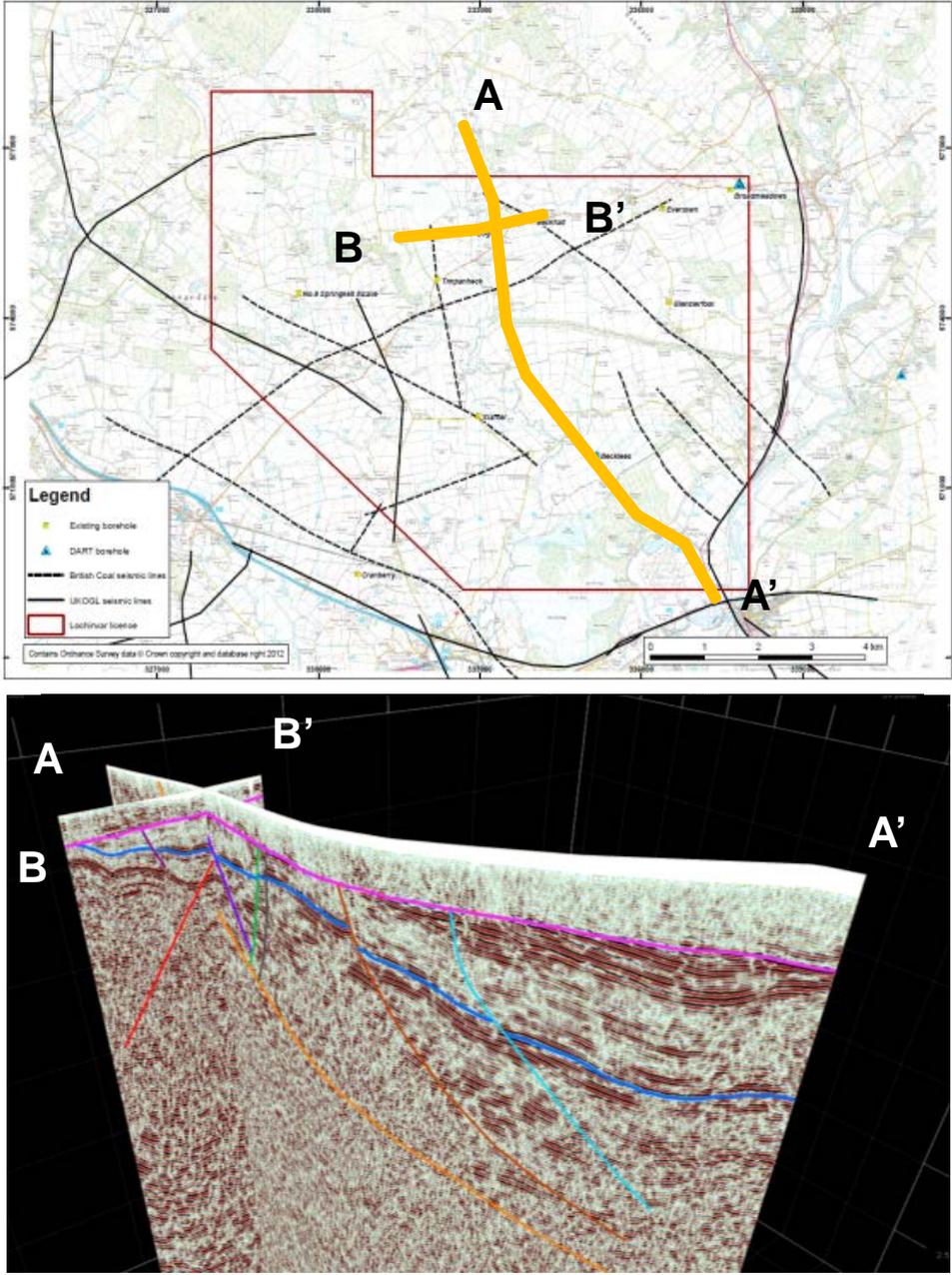


Figure 3 - Initial 3D Seismic Interpretation

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Competent Person Statement:

Information in this document that relates to Exploration Results 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.