

Sent: Monday, 29 July 2013 10:37 AM

Subject: NAE (New Age Exploration) Phase1a drilling complete. Maiden JORC by September. SPEC BUY

Event Impact - Materials Research



New Age Exploration (NAE) \$0.03
Recommendation: SPECULATIVE BUY
Analyst: Andrew Harrington Tel: (+61 2) 8238 6214

Event

- New Age has completed the Phase1a drilling programme. The highlight is the 3.4m coal interval from 312m. The drilling also shows some relatively flat seam areas and some faulting across the tenement.
- ESG Labs will now conduct the coal spec and washability tests, which will be concluded by September and in line with the expected announcement of NAE's maiden JORC resources.
- The next phase of drilling (Phase1b/2) will begin in the last quarter of 2013.

Impact

- Luckily, the best quality results come from the lower of the Nine Foot seam, which is also where the best interval thicknesses were found. NAE had already completed the coal quality test work for the first hole of the programme, showing a reasonable coking coal that we estimated (see Impact Email from 5-July) would receive a ~10% discount to premium Australian hard coking coals. In summary, the seam dip, thickness, and quality all look worth mining. The faulting will need to be better defined but probably won't unduly constrain the longwall panels.
- The maiden JORC resource will be announced by September and NAE has stated that they expect completion of the Scoping Study by the end of 1Q14.
- NAE, has enough cash to complete the announced work programme and it trades at a market cap of only \$8.3m but has a big coking coal project in a first world country. Accordingly we rate the company a Speculative Buy.

Disclosure: Patersons Securities Limited acted as joint Co-manager for a share placement that raised A\$7.5m at A\$0.065/sh in October 2012. Patersons received a fee for this service.

Andrew Harrington

Resources Analyst, Coal and Specialty Metals

D: +61 2 8238 6214 | F: +61 2 8238 6266 | E: AHarrington@psl.com.au | W: www.psl.com.au

Patersons Securities Limited AFSL No. 239 052
Level 48, Australia Square, 264 George Street SYDNEY NSW 2000
PO Box R1773, Royal Exchange, Sydney, NSW 1225

