

ASX : NAE

**NEW AGE** Exploration Limited

ACN 004 749 508

## HALF YEAR CONSOLIDATED FINANCIAL REPORT

31 DECEMBER 2013



New Age Exploration Limited is an Australian company focused on coking coal exploration and development. Its flagship project is the Lochinvar Coking Coal Project in the UK which is ideally located to supply domestic UK and European steel mills with immediate access to existing rail and port infrastructure. The initial Lochinvar JORC Inferred Resource estimate of 112Mt was released in October 2013 and the Company is targeting commencement of production by 2017.

# NEW AGE EXPLORATION HALF YEAR CONSOLIDATED FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2013

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## **DIRECTORS' REPORT**

FOR THE HALF YEAR ENDED 31 DECEMBER 2013

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Your Directors present their report, together with the consolidated financial statements and the independent auditor's review report thereon, for the half year ended 31 December 2013.

### **Directors**

The names of the Directors of New Age Exploration Limited in office at any time during or since the end of the period are as follows:

Mr A Broome, AM (Non-Executive Chairman)

Mr G Fietz (Managing Director)

Mr A M Wing (Executive Director and Company Secretary) – resigned as Director on 15 July 2013

Mr G L Rice (Non-Executive Director)

Mr M Amundsen (Non-Executive Director)

### **Principal activities**

During the financial half-year, the principal continuing activities of the Group consisted of exploration activities with the view to identifying and advancing attractive mineral deposits of sufficient grade and size to provide sustainable returns to shareholders.

### **Review of Operations**

The loss of the Consolidated Entity, after providing for income tax, for the period amounted to \$1,028,702 (31 December 2012: \$2,801,800). The detailed Review of Operations follows this Directors' Report.

### **Subsequent events**

On 11 March 2014, the Company announced that it had entered into binding placement agreements for 42,575,000 new fully paid ordinary shares at 4 cents per share, raising \$1,703,000 before associated costs. Additional information is available in the detailed Review of Operations following this Directors' Report.

No other matter or circumstance has arisen since 31 December 2013 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Lead Auditor's Independence Declaration

A copy of the auditor's independence declaration in relation to the review for the half-year ended 31 December 2013 is included on page 15.

This report is made in accordance with a resolution of the directors, pursuant to section 306(3)(a) of the Corporations Act 2001.



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Gary Fietz  
Managing Director

Melbourne  
13 March 2014

## REVIEW OF OPERATIONS

FOR THE HALF YEAR ENDED 31 DECEMBER 2013

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### OVERVIEW

The significant milestones achieved by New Age Exploration Limited ('NAE' or 'the Company') during this period include:

1. Lochinvar Phase 1b drilling commenced 5 March 2014
  - Four-hole infill drilling program aimed at upgrading part of the existing resource from Inferred to Indicated status
  - All land access, licences and approvals in place for Phase 1b drilling program and well advanced for future programs
  - Contract signed with Priority Drilling, UK's largest diamond drilling contractor – program fully funded
2. Successful granting of Lochinvar South Licence located adjacent to the Lochinvar Project
  - Potential for continuation of Lochinvar coal seams up to 5km along strike to the south west
  - Lochinvar South Exploration Target 10-34 million tonnes of coking coal
3. Lochinvar Scoping Study progress
  - Engagement of key technical consultants for Scoping Study well progressed with work commenced in Q1 2014 in tandem with Phase 1b drilling
  - Scoping Study completion and release anticipated late July
4. Initial Lochinvar JORC Inferred Resource of 112Mt and additional Exploration Target of 28-47Mt low ash, high volatile coking coal defined
5. Clean coal analysis results from LCL-001 and LCL-004 demonstrate potential to produce a low ash, high volatile coking coal at high yields

### LOCHINVAR COKING COAL PROJECT, UK (100% NAE)

The Lochinvar Coking Coal Project is located on the Scottish / English border (as shown in Figure 1) and has been the Company's principal focus since the Exploration Licence and Conditional Underground Mining Licence were granted in June 2012.

The Lochinvar licence is within the Canonbie Coalfield, an undeveloped coking coal resource located adjacent to the West Coast Main Line rail connecting with UK steelmakers, cokemakers and export ports.

NAE completed an initial Phase 1a drilling program comprising of four drill holes at Lochinvar in 2013.

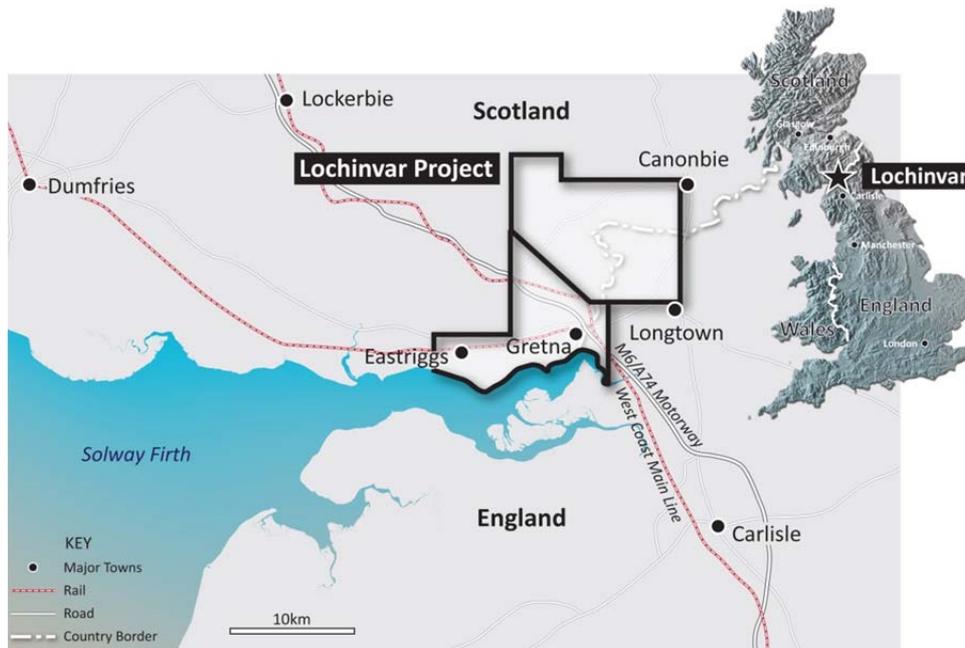


Figure 1: Location of the Lochinvar Project

### Commencement of Phase 1b Drilling Program

Following completion of the first phase of drilling and the successful definition of an initial Inferred Resource of 112 million tonnes, a follow up drilling program, Phase 1b, commenced on 5 March 2014.

The Phase 1b drill program will comprise of four holes (LOI-003, LOI-006, LOI-033 and LOI-019) as shown in Figure 2.

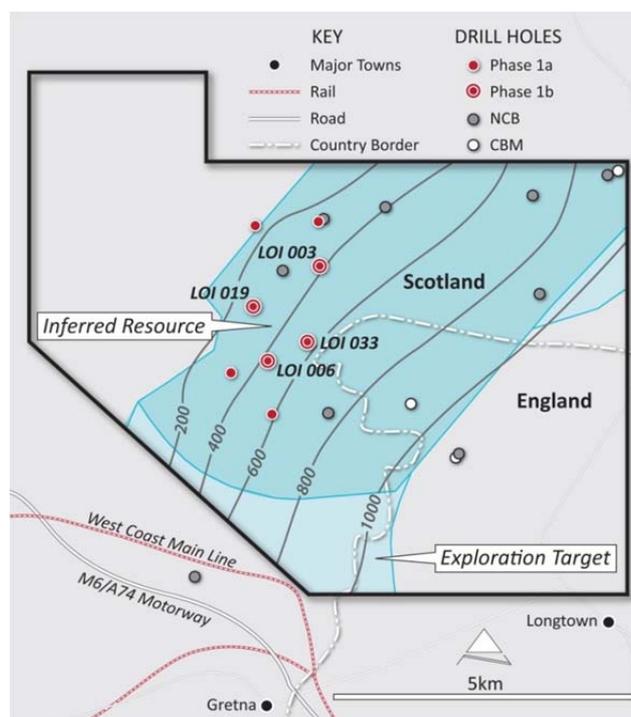


Figure 2: Phase 1b Drilling Location

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The Phase 1b program has been designed to infill the Inferred Resource in the western and central regions of the licence and is aimed at upgrading this part of the resource from Inferred to Indicated status.

The Phase 1b drilling program will also provide further information on raw and clean coal quality, geotechnical testing and structural information, all of which will be incorporated into the Scoping Study.

Priority Drilling has been selected as the drilling contractor for the Phase 1b drilling program. Based out of Ireland, Priority is the largest wireline diamond drilling contractor in Ireland and the UK. The rig is a small modern track mounted rig, Hanjin D&B35 - Multipurpose, with a smaller footprint, faster speed and lower cost than the previous drill used at Lochinvar. Selection of Priority Drilling has been based on their experience in a wide variety of geological conditions as well as their strong corporate emphasis on safety, drilling performance and unit costs.



**Figure 3: Priority Drilling - Hanjin D&B35 Drilling Rig on site at Lochinvar**

### **Forward Work Program**

The Company currently anticipates completion dates for major activities in the forward work program to be as follows:

- Completion of Phase 1b drilling                      Early May 2014
- Indicated Resource estimate                              Late May 2014
- Clean Coal Analysis results                              June 2014
- Scoping Study completion                              Late July 2014

### **Drilling Access Agreements and Licences**

Prior to commencement of drilling, the following agreements and licences are required:

- Land access agreements with the relevant land owners,
- Supplementary Exploration Agreements from The Coal Authority,
- Controlled Activities Regulations Licences from the Scottish Environmental Protection Agency (SEPA).

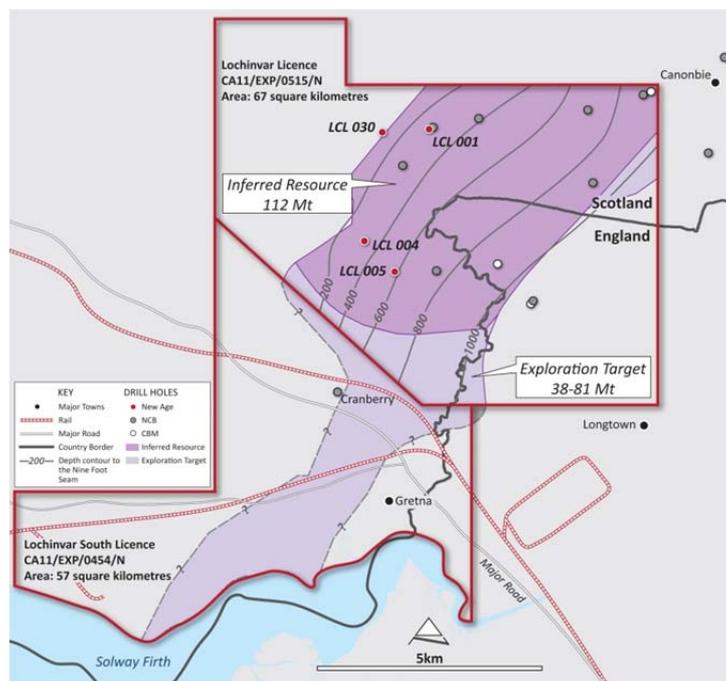
All of the agreements, licences and approvals described above are in place for the Phase 1b drilling program. Furthermore, access agreements and licences for additional indicated resource drilling are well advanced with the current status listed in Table 1.

**Table 1: Status of Drilling Approvals**

Approvals Status	
Licence / Permission	Number Approved
Land Access Agreements	20
Coal Authority Agreements	18
SEPA Environment Approvals	8

### Lochinvar South Licence Grant

NAE announced post reporting period that the Coal Authority has granted the Company the Exploration Licence and Conditional Underground Mining Licence over an area of 57km<sup>2</sup> adjoining to the south west of the existing Lochinvar licence (“Lochinvar South”) as shown in Figure 4.



**Figure 4: Lochinvar South Licence**

The Lochinvar South Licence provides NAE the opportunity to explore for coal seams within the Solway Basin, located directly to the south west of the current Lochinvar licence. Lochinvar South represents almost double the Lochinvar licence area over the Solway Basin and potentially extends the coal deposit by 5km strike length further to the south west.

An **Exploration Target for the Lochinvar South Licence of 10 – 34 million tonnes** has been estimated in the Nine Foot and Six Foot Seams to a maximum depth of 1,000m. The Exploration Target is wholly based on extrapolation of the modelled target coal seams in the Lochinvar Project and on

regional geophysical data produced by the British Geological Survey (BGS). The Exploration Target has been reported in accordance with the JORC Code (2012) and has been independently estimated by Palaris Mining Pty Ltd, an internationally recognised mining consultancy specialising in coal exploration and mining.

The total Inferred Resource and Exploration Target for the Lochinvar Project, including Lochinvar South is presented in Table 2.

**Table 2: Lochinvar Total Inferred Resource and Exploration Target**

<b>Project</b>	<b>Inferred Resource (Million Tonnes)</b>	<b>Exploration Target (Million Tonnes)</b>
<b>Lochinvar</b>	112	28 – 47
<b>Lochinvar South</b>	-	10 – 34
<b>TOTAL</b>	<b>112</b>	<b>38 – 81</b>

The initial work program for Lochinvar South will focus on basin analysis utilising existing seismic and other historical data to define the ongoing exploration program which is expected to include drilling focusing on the extension of the known Lochinvar resource to the south west.

Lochinvar South has the potential to extend the Lochinvar resource and increase mining production rate and mine life for the project. Furthermore, the potential extension of the deposit could improve access to the existing surface infrastructure located within the Lochinvar South area, including railway sidings within the lease boundary.

### **Lochinvar Scoping Study**

Significant progress has been achieved on the Lochinvar Scoping Study during the six-month reporting period, and post period end, including:

- **Engagement of Key Technical Consultants**

The engagement of key technical consultants for the Scoping Study is well progressed, with work commenced during Q1 2014 in tandem with Phase 1b drilling.

- **Infrastructure Studies**

A number of site visits and meetings were undertaken in the UK to progress surface infrastructure and transport infrastructure alternatives as part of the Scoping Study, including:

- Ministry of Defence (“MOD”) visit and Easttriggs site visit – positive meeting with MOD, which is supportive of NAE continuing investigations of the Easttriggs MOD site for potential use by the Lochinvar Project. The Easttriggs site has an existing rail siding and is located approximately 11km from the Lochinvar licence.
- Meetings with UK rail regulators and bulk rail operators have confirmed that the rail network can be expected to have capacity to provide transport of coal from Lochinvar to UK steelmills, cokeplants and export ports.
- Visits to a number of UK export ports have confirmed available port capacity.

- **Market Analysis**

Visits and discussions were held with potential domestic buyers for Lochinvar coal.

The Scoping Study is now expected to be completed and released in late July 2014.

### **Lochinvar Inferred Resource and Updated Exploration Target**

On 1 October 2013, the Company announced the results of its Phase 1a drilling program including an initial Inferred Resource and additional Exploration Target for the Lochinvar Project.

An **Inferred Resource of 112 million tonnes** was defined for the Nine Foot and Six Foot Seams as shown in Table 3.

**Table 3: Lochinvar Inferred Resource – Average Raw Coal Analysis (Air Dried Basis)**

Coal Seam	Inferred Resource	Inherent Moisture	Ash	Volatile Matter	Sulphur	CSN
	Million Tonnes	%	%	%	%	
<b>Nine Foot Seam</b>	78	2.4	10.4	32.6	2.1	6.5
<b>Six Foot Seam</b>	34	3.0	11.0	32.0	3.5	6.5
<b>Total</b>	<b>112</b>					

An additional **Exploration Target of 28 – 47 million tonnes** was defined in areas where there is insufficient information at present to define a JORC resource.

The Inferred Resource and the Exploration Target have been reported in accordance with the JORC Code (2012) and were defined by Palaris Mining, an internationally recognised Australian based mining consultancy specialising in coal exploration and mining. The Inferred Resource estimate is based on eight holes drilled by UK’s National Coal Board (“NCB”) from 1979 through to 1983 and four holes completed by NAE in the first half of 2013. Over 100km of seismic data was also incorporated into the resource estimate, providing interpretative evidence for the lateral continuity of coal seams.

Both the Inferred Resource and Exploration Target are constrained by:

- a minimum seam thickness of 1.2 metres
- a maximum depth of cover of 1,000 metres
- a maximum parting distance of 0.8m between coal plies of the Nine Foot Seam where the upper plies are split from the lower ply of the seam in the south of the deposit
- the area within NAE’s Coal Exploration Licence CA11/EXP/0515/N

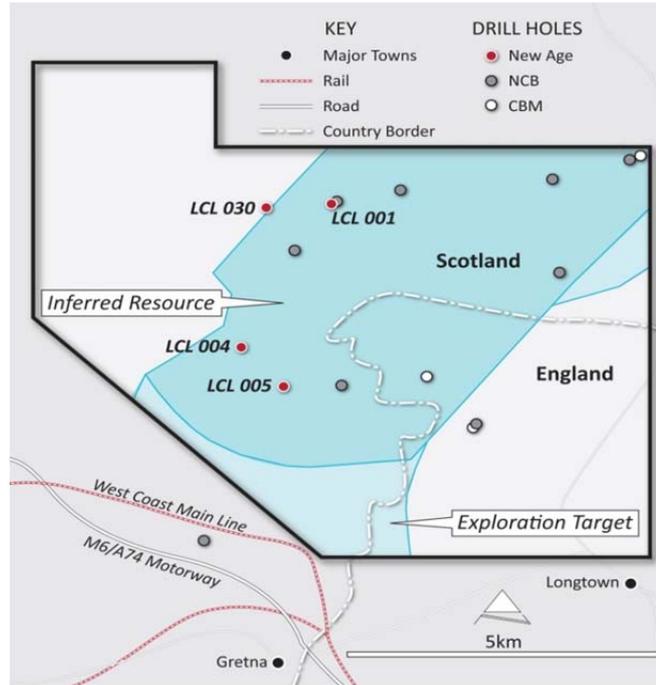


Figure 5: Inferred Resource Location (Nine Foot Seam) - Lochinvar Project

The extent of the Inferred Resource and Exploration Target for the Nine Foot Seam is shown in Figure 5. The Nine Foot Seam has an estimated average dip of seven degrees to the southeast. The resource model has estimated an average thickness for the Nine Foot Seam of 2.2m (2.0m coal) and 1.5m for the Six Foot Seam (1.5m coal). These characteristics are favourable for underground mining.

A 3D representation of the Nine Foot Seam is shown in Figure 6.

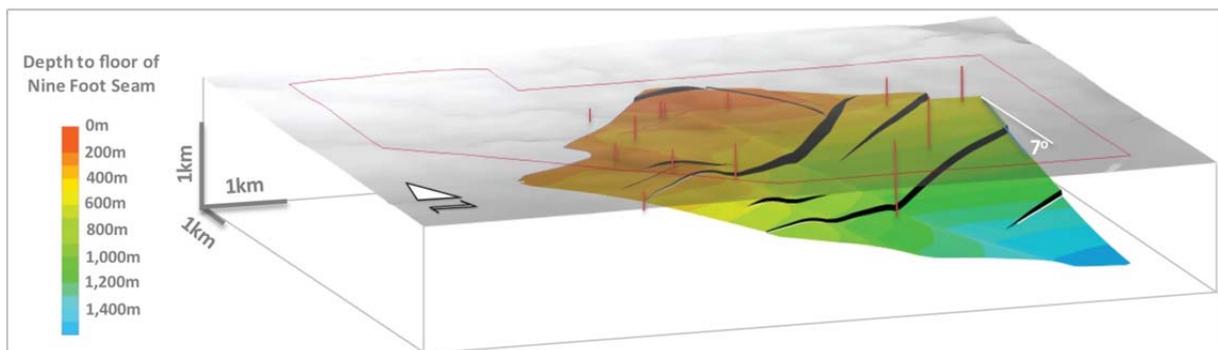


Figure 6: 3D Representation of Nine Foot Seam Geology

The majority of the Inferred Resource is at shallow underground mining depths as can be seen in Figure 7. In total, 76Mt of the Inferred Resource is at less than 600m depth and 48Mt is at less than 400m depth.

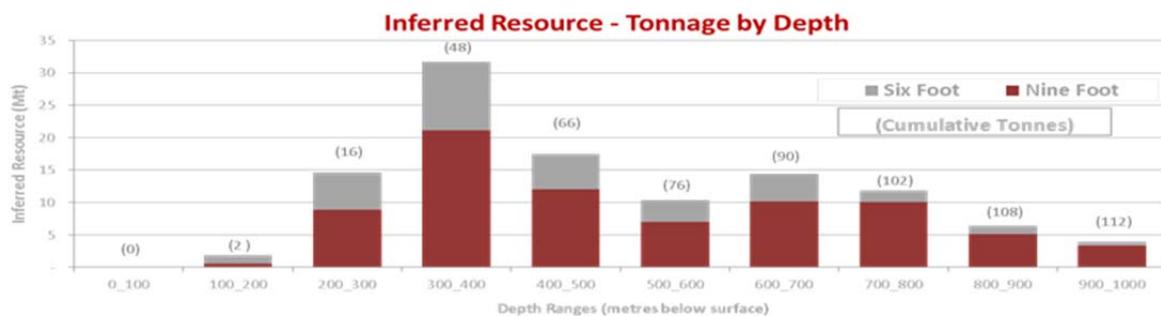


Figure 7: Inferred Resource Tonnage by Depth

## Clean Coal Analysis Results

Clean coal analysis from washability tests undertaken on boreholes LCL-001 and LCL-004 during the reporting period demonstrate the potential for Lochinvar to produce an attractive low ash, high volatile coking coal for supply to UK and European markets.

As shown in Table 4, the clean coal analysis results show that high yields of low ash coal (under 5%) are achievable with attractive metallurgical properties (CSN of 7.0 to 7.5).

Table 4: Summary of Clean Coal Analysis from Boreholes LCL-001 and LCL-004 (Air Dried Basis)

Hole	Clean Coal Yield <sup>1</sup>	Inherent Moisture	Ash	Volatile Matter	Sulphur	CSN	Phos.	Gieseler Max Fluidity	Calorific Value	RoMax
	%	%	%	%	%	%	%	DDPM	Kcal/kg	%
LCL-004 Nine Foot Seam	89	3.2	3.1	33.8	1.26	7.0	0.003	No Result	7,951	0.83
LCL-001 Nine Foot <sup>2</sup> Seam	84	3.6	3.5	34.5	1.36	7.5	0.008	3,400	7,850	0.83
LCL-001 Six Foot Seam	77	3.9	4.0	34.7	1.82	7.0	0.034	1,400	7,750	0.83

Through initial washability test work, sulphur levels in hole LCL-001 were reduced from 2.05% in the raw coal to 1.36% in the clean coal for the complete Nine Foot Seam. The lower section (1.92m) of the Nine Foot Seam in hole LCL-001 demonstrated a reduction in sulphur values from 1.76% to 1.07% through washing. Sulphur levels in hole LCL-004 were reduced from 2.17% in the raw coal to 1.26% in the clean coal.

## COLOMBIA

Due to adverse market conditions and low coking coal prices, the Company has been continuing to work closely with its joint venture partner in Colombia, Aurora Energy, to reduce its footprint and expenditure in Colombia.

The NAE-Aurora JV office in Bogota was closed in September 2013 and the one JV employee retained works from Aurora's office in Bogota.

<sup>1</sup> Clean coal composite results from LCL-001 are 1.4 Floats and LCL-004 are 1.35 floats

<sup>2</sup> Includes coal only, i.e. stone inter-bands excluded

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NAE's agreement with Aurora to provide legal representation and consultancy services in Colombia was previously extended from May 2013 to end October 2013 at reduced rates and discussions are currently being held with Aurora on further reductions in these costs to a minimal level for NAE.

## **Terranova Coking Coal Project**

### **Coking Coal Concession 887T**

NAE has continued to progress gaining approvals for extension of the mining concession and environmental licence for concession 887T (which currently ends in October 2014); however, these extensions have yet to be granted. Extension of the environmental licence will be impacted by detailed delimitation of Paramo boundaries in this area being undertaken by the government. Preliminary studies undertaken by consultants specialising in Paramo eco-systems engaged by NAE have indicated that there is only a minor amount of Paramo vegetation present within concession 887T (<10% by area). This could allow greater access to mining if the findings from preliminary studies are supported by further work.

Concession 887T contains a JORC Resource of 3.6Mt hard coking coal and the Company undertook the majority of the work to complete a Feasibility Study for a 0.5Mtpa clean coal project at Terranova before putting the study on hold in June 2012, until market conditions improve and extensions to the mining concession and environmental licence to support a long term project can be obtained. NAE's partner in Colombia, Aurora, is continuing to assist with advancing this project at no cost to NAE.

### **Termination of Agreement over Coking Coal Concession FL2-151**

In September 2013, the Company announced the termination of its agreement to acquire coking coal concession FL2-151 (adjacent to concession 887T in the Terranova area). Under the agreement announced on 3 August 2011, with an amendment to the agreement signed in August 2012, NAE was required to make a US\$100,000 payment on 31 August 2013 in order to stay in the project. The decision to terminate the agreement over concession FL2-151 was made because of difficult market conditions and difficulties obtaining legal rights to undertake drilling, notwithstanding the Company's best efforts.

### **Termination of Agreement over Concession Application JBI-11091**

NAE provided notice of termination of the agreement with the holders of future concession agreement over concession application JBI-11091 in December 2013. There were no costs involved in terminating the agreement and neither NAE nor Aurora now holds any ongoing interest in this concession application.

## **Cesar Thermal Coal Project**

As a result of the adverse market outlook for thermal coal and the expected high costs required to progress exploration and development of the Cesar Project, the Company has continued its search for a strategic partner to advance the project. NAE has suspended all activity on the project to eliminate costs and the project is currently under review.

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## **REDMOOR TIN AND TUNGSTEN PROJECT, CORNWALL UK**

NAE holds the Redmoor Tin and Tungsten Project in the historic mining district of Cornwall, UK under a 15-year exploration licence with modest annual payments that are not material to NAE.

An initial Inferred Resource was announced in February 2013 but there has been no additional activity undertaken during the December 2013 half year due to the focus on the flagship Lochinvar Coking Coal Project.

NAE continues to look at future options for the Redmoor Project, which may include exploration and studies, strategic partnership or divestment.

## **CORPORATE**

### **Conferences**

The Company's Managing Director, Gary Fietz, presented at the following investor events during the reporting period:

- Proactive Investors Forum, Sydney, 2 October 2013
- Mines and Money, London, 3 December 2013

### **Annual General Meeting**

The Company's Annual General Meeting was held on 8 November 2013 and all resolutions were duly passed.

### **Share Placement**

On 11 March 2014, the Company announced that it had entered into a binding placement agreement for 42,575,000 new fully paid ordinary shares at 4 cents per share, raising \$1,703,000 before associated costs.

The placement was strongly supported by the Company's two largest shareholders and by other institutional and sophisticated investors, including existing shareholders, as follows:

- Placement of 21,350,000 shares at 4.0 cents per share (\$854,000) to Resource Capital Fund V. L.P ("RCF"), increasing RCF's ownership level from 28.9% to 31.9%.
- Placement of 12,500,000 shares at 4.0 cents per share (\$500,000) to Mr Chee Siew Yaw, increasing his ownership level from 11.0% to 13.5%.
- Placement of 8,725,000 shares at 4.0 cents per share (\$349,000) to other institutional and sophisticated investors, including existing shareholders.

The shares will be issued in accordance with the Company's placement capacity under Chapter 7 of ASX Listing Rules. Deferred settlement until 9 May 2014 has been agreed for the placement of shares to RCF and Mr Yaw. Beer & Co have acted as Lead Manager for the placement.

The proceeds of the placement, together with existing cash reserves, will be applied primarily to advancing the Lochinvar Coking Coal Project this year as well as to corporate costs and providing working capital.

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## Competent Persons Statement

**Lochinvar Project:** Information in the report in relation to Lochinvar Coking Coal Project to which this statement is attached that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr William John Bamberry, a Competent Person who is a Member of the Australian Institute of Geoscientists (Membership # 4090). William John Bamberry has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. William John Bamberry consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

**Redmoor Project:** References to the Inferred resource at Redmoor is based on information compiled by Dr. Mike Armitage (CGeol 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 report of the matters based on their information in the form and context in which it appears.

**Colombia Projects:** Dr Frederick Smith 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.

# AUDITOR'S INDEPENDENCE DECLARATION

FOR THE HALF YEAR ENDED 31 DECEMBER 2013

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## DECLARATION OF INDEPENDENCE BY MICHAEL PORT TO THE DIRECTORS OF NEW AGE EXPLORATION LIMITED

As lead auditor for the review of the financial report of New Age Exploration Limited for the half-year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink, appearing to read 'Michael Port'.

**M L Port**  
Partner

**DFK Collins**  
Chartered Accountants

13 March 2014  
Melbourne

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Note	Half year ended 31 Dec 2013 \$	Half year ended 31 Dec 2012 \$
<b>Revenue – interest income</b>		<b>52,442</b>	<b>39,054</b>
<b>Expenses</b>			
Corporate expenses		(131,182)	(234,395)
Occupancy expenses		(45,578)	(56,272)
Employee benefits expense		(591,448)	(670,563)
Share-based payments – employee benefits		(5,500)	(81,083)
Share-based payments – consulting fees		-	(12,333)
Exploration and evaluation expenses and impairments	2	(2,057)	(1,436,168)
Administrative expenses		(154,462)	(289,107)
Write off of plant and equipment		(66,819)	-
Legal expenses		(11,802)	(35,972)
Travel and accommodation		(72,296)	(24,961)
<b>Loss before income tax expense</b>		<b>(1,028,702)</b>	<b>(2,801,800)</b>
Income tax expense		-	-
<b>Loss after income tax expense</b>		<b>(1,028,702)</b>	<b>(2,801,800)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Movement in exchange differences on translating foreign operations		418,668	13,974
Income tax expense		-	-
<b>Other comprehensive income</b>		<b>418,668</b>	<b>13,974</b>
<b>Total comprehensive loss for the period</b>		<b>(610,034)</b>	<b>(2,787,826)</b>
Loss for the period attributable to:			
Non-controlling interests		(8,713)	(156,509)
Owners of New Age Exploration Limited		(1,019,989)	(2,645,291)
		<b>(1,028,702)</b>	<b>(2,801,800)</b>
Total comprehensive loss for the period attributable to:			
Non-controlling interests		(9,560)	(156,509)
Owners of New Age Exploration Limited		(600,474)	(2,631,317)
		<b>(610,034)</b>	<b>(2,787,826)</b>
<i>Loss per share from continuing operations attributable to the owners of New Age Exploration Limited</i>			
		<b>Cents</b>	<b>Cents</b>
Basic loss per share		(0.39)	(1.72)
Diluted loss per share		(0.39)	(1.72)

The above consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the attached notes.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

	Note	31 Dec 2013 \$	30 June 2013 \$
<b>Current assets</b>			
Cash and cash equivalents		2,573,075	4,967,880
Trade and other receivables		110,767	131,758
Prepayments		40,161	85,552
<b>Total current assets</b>		<b>2,724,003</b>	<b>5,185,190</b>
<b>Non-current assets</b>			
Property, plant and equipment		64,233	143,415
Exploration and evaluation assets	2	5,849,933	4,857,540
<b>Total non – current assets</b>		<b>5,914,166</b>	<b>5,000,955</b>
<b>Total assets</b>		<b>8,638,169</b>	<b>10,186,145</b>
<b>Current liabilities</b>			
Trade and other payables		222,552	1,166,554
Provisions		57,245	47,484
Deferred lease liability		10,418	10,418
<b>Total current liabilities</b>		<b>290,215</b>	<b>1,224,456</b>
<b>Non-current liabilities</b>			
Deferred lease liability		7,408	12,617
<b>Total non – current liabilities</b>		<b>7,408</b>	<b>12,617</b>
<b>Total liabilities</b>		<b>297,623</b>	<b>1,237,073</b>
<b>Net assets</b>		<b>8,340,546</b>	<b>8,949,072</b>
<b>Equity</b>			
Equity attributable to members of the parent:			
Contributed equity	3	21,078,703	21,082,695
Reserves	4	1,189,556	848,541
Accumulated losses		(14,140,209)	(13,175,030)
Total parent entity interest		8,128,050	8,756,206
Non-controlling interests		212,496	192,866
<b>Total equity</b>		<b>8,340,546</b>	<b>8,949,072</b>

The above consolidated statement of financial position is to be read in conjunction with the attached notes.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Attributable to owners of New Age Exploration Limited			Non- Controlling Interests	Total
	Contributed Equity \$	Reserves \$	Accumulated Losses \$	\$	\$
<b>At 1 July 2013</b>	<b>21,082,695</b>	<b>848,541</b>	<b>(13,175,030)</b>	<b>192,866</b>	<b>8,949,072</b>
Loss for the period	-	-	(1,019,989)	(8,713)	(1,028,702)
Other comprehensive income	-	419,515	-	(847)	418,668
Total comprehensive loss for the period	-	419,515	(1,019,989)	(9,560)	(610,034)
<b>Transactions with owners in their capacity as owners:</b>					
Share issue costs	(3,992)	-	-	-	(3,992)
Share based payments	-	5,500	-	-	5,500
Transfer of expired options	-	(84,000)	84,000	-	-
Non-controlling interest in exploration projects	-	-	(29,190)	29,190	-
<b>As at 31 December 2013</b>	<b>21,078,703</b>	<b>1,189,556</b>	<b>(14,140,209)</b>	<b>212,496</b>	<b>8,340,546</b>
<b>At 1 July 2012</b>	<b>13,800,154</b>	<b>1,047,962</b>	<b>(8,338,230)</b>	<b>404,111</b>	<b>6,913,997</b>
Loss for the period	-	-	(2,645,291)	(156,509)	(2,801,800)
Other comprehensive income	-	13,974	-	-	13,974
Total comprehensive loss for the period	-	13,974	(2, 645,291)	(156,509)	(2,787,826)
<b>Transactions with owners in their capacity as owners:</b>					
Issue of shares (net of costs)	5,292,127	-	-	-	5,292,127
Share based payments	-	93,417	-	-	93,417
Non-controlling interest in exploration projects	-	-	(71,842)	71,842	-
<b>As at 31 December 2012</b>	<b>19,092,281</b>	<b>1,155,353</b>	<b>(11,055,363)</b>	<b>319,444</b>	<b>9,511,715</b>

The above consolidated statement of changes in equity is to be read in conjunction with the attached notes

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Half year ended 31 Dec 2013	Half year ended 31 Dec 2012
	\$	\$
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(1,142,505)	(1,318,331)
Interest received	54,529	36,249
<b>Net cash flows used in operating activities</b>	<b>(1,087,976)</b>	<b>(1,282,082)</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(7,635)	(47,473)
Payments for exploration and evaluation assets	(1,315,656)	(1,623,440)
<b>Net cash flows used in investing activities</b>	<b>(1,323,291)</b>	<b>(1,670,913)</b>
<b>Cash flows from financing activities</b>		
Issue of shares	-	5,498,418
Issue costs	(4,389)	(190,491)
<b>Net cash flows (used in) / provided by financing activities</b>	<b>(4,389)</b>	<b>5,307,927</b>
<b>Net (decrease) / increase in cash held</b>	<b>(2,415,656)</b>	<b>2,354,932</b>
Cash and cash equivalents at beginning of period	4,967,880	3,580,567
Effects of exchange changes on balances held in foreign currencies	20,851	(5,353)
<b>Cash and cash equivalents at the end of period</b>	<b>2,573,075</b>	<b>5,930,146</b>

*The above consolidated statement of cash flows is to be read in conjunction with the attached notes.*

## NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2013

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### NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

#### Basis of preparation and accounting policies

This general purpose financial report for the half year ended 31 December 2013 has been prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The half year financial report does not include notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

It is recommended that the half year financial report be read in conjunction with the annual report for the year ended 30 June 2013 and considered together with any public announcements made by New Age Exploration Limited during the half year ended 31 December 2013 in accordance with the continuous disclosure obligations of the ASX listing rules. Comparative figures have been adjusted to conform with changes in presentation for the current period.

For the purpose of preparing the half-year financial report, the half year has been treated as a discrete reporting period. It has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The accounting policies and methods of computation are consistent with those adopted in the most recent annual financial report, except for the impact of the Standards and Interpretations described below.

#### (a) Adoption of New and Revised Accounting Standards

The Group has adopted all of the new and amended Australian Accounting Standards and AASB Interpretations that are relevant to its operations and effective for the current half-year.

The following standards and amendments relevant to the Group have been applied for the first time from 1 July 2013:

- (i) AASB 10 Consolidated Financial Statements;
- (ii) AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13; and
- (iii) AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011).

The adoption of the new and amended Standards and Interpretations has had no effect on the amounts reported for the current or prior half years.

## NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2013

### NOTE 2 EXPLORATION AND EVALUATION ASSETS

	31 Dec 2013	30 June 2013
	\$	\$
Movement in the carrying amounts of exploration and evaluation assets between the beginning and end of the financial period:		
Balance at the beginning of the financial period	4,857,540	3,890,058
Additions	652,931	4,396,763
Impairment write downs	-	(3,464,105)
Foreign exchange translation movement	339,462	34,824
	<u>5,849,933</u>	<u>4,857,540</u>

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent upon the successful development and commercial exploitation or sale of the respective areas.

### NOTE 3 ISSUED CAPITAL

	31 Dec 2013	30 June 2013	31 Dec 2013	30 June 2013
	Number	Number	\$	\$
Ordinary shares – fully paid	258,287,443	258,287,443	21,078,703	21,082,695

Movement in ordinary shares

	No of Shares	Issue Price	\$
Balance 1 July 2012	142,902,828		13,800,154
Issue of shares	115,384,615	\$0.065	7,500,000
Issue costs			(217,459)
Balance 30 June 2013	<u>258,287,443</u>		21,082,695
Issue costs			(3,992)
Balance 31 December 2013	<u>258,287,443</u>		21,078,703

### NOTE 4 RESERVES

	31 Dec 2013	30 June 2013
	\$	\$
Share-based payments reserve	472,750	551,250
Foreign exchange translation reserve	716,806	297,291
	<u>1,189,556</u>	<u>848,541</u>

## **NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS**

FOR THE HALF YEAR ENDED 31 DECEMBER 2013

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### **NOTE 5 SEGMENT INFORMATION**

The Group operated predominantly as an explorer with the view to identify and advance attractive mineral deposits of sufficient grade and size to provide sustainable returns to shareholders.

The directors do not believe that there are any reportable segments that meet the requirements of AASB 8 *Segment Reporting* on the basis that the chief operating decision maker, being the Board of Directors, review geological results and other qualitative measures as a basis for decision making.

### **NOTE 6 FINANCIAL INSTRUMENTS**

The Directors consider that the carrying values of the financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

### **NOTE 7 SUBSEQUENT EVENTS**

On 11 March 2014, the Company announced that it had entered into binding placement agreements for 42,575,000 new fully paid ordinary shares at 4 cents per share, raising \$1,703,000 before associated costs.

No other matter or circumstance has arisen since 31 December 2013 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

## DIRECTORS' DECLARATION

FOR THE HALF YEAR ENDED 31 DECEMBER 2013

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In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the financial half year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to section 303(5) of the Corporations Act 2001

On behalf of the directors



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Gary Fietz  
Managing Director

Melbourne  
13 March 2014

# INDEPENDENT AUDITOR'S REVIEW REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2013

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## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF NEW AGE EXPLORATION LIMITED

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of New Age Exploration Limited, which comprises the consolidated statement of financial position as at 31 December 2013, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

# INDEPENDENT AUDITOR'S REVIEW REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2013

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## *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of New Age Exploration Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

## *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of New Age Exploration Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in black ink that reads 'DFK Collins'.

**DFK Collins**  
Chartered Accountants

13 March 2014  
Melbourne

A handwritten signature in black ink that reads 'M L Port'.

**M L Port**  
Partner