



# Quarterly Report

To 30 June 2016

ASX: NAE

New Age Exploration Limited ("NAE" or "the Company") is pleased to provide shareholders the Company's Quarterly Report for the period ending 30 June 2016, which also covers subsequent activities up to the date of this announcement.

## Highlights

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

- **Signing of a Joint Venture agreement with AIM-listed company, Strategic Minerals Plc ("SML"), for SML to earn a 50% interest in the Redmoor Project for a total consideration of £1.05M (A\$1.86M<sup>1</sup>)**
  - £104,998.47 (A\$186,000<sup>1</sup>) Initial Subscription cash payment now completed by SML for a 9.1% interest in the Redmoor Project. The Initial Subscription payment is non-refundable and has been applied to repayment of internal company loans to NAE.
  - £945,348.96 (A\$1,675,000<sup>1</sup>) Option Payment payable in cash by SML before 31 December 2016 in order to increase SML's interest in the Redmoor Project to 50%. The Option payment funds will be used primarily to advance the planned exploration drilling program at Redmoor which would commence in the first half of 2017 targeting the high grade tin-tungsten resource.
  - SML's Directors are confident that SML can make the £945,348.96 Option Payment before the end of the Option Period.
  - The agreement is non dilutionary to NAE shareholders who will retain exposure to 50% of the Redmoor Project upside with the next stage of drilling to be fully funded by SML with the proceeds from the Option Payment upon its completion.
- **NAE's wholly owned UK subsidiary, Lochinvar Coal Limited, received a cash payment of £456,729 (A\$809,000<sup>1</sup>) net of fees from the UK Government for Research and Development Tax Relief**
- **Current NAE consolidated cash position (21 July 2016) significantly improved to A\$989,000<sup>1</sup>, plus A\$73,000<sup>1</sup> in SML shares which can be readily monetised (Total Cash and Share Investments of A\$1,062,000<sup>1</sup>)**
- **NAE's strategy is to actively progress gold project opportunities in parallel with advancing the Redmoor tin-tungsten project through the joint venture with SML. Several gold opportunities are currently actively being evaluated by the Company**

# Activities

## REDMOOR TIN-TUNGSTEN PROJECT, UK

### Joint Venture Agreement – Strategic Minerals

During the quarter NAE has made a major step forward in advancing the Redmoor Tin-Tungsten Project in Cornwall, UK with the signing of an agreement with AIM-listed company, Strategic Minerals Plc (“SML”), for SML to earn a 50% interest in the Redmoor Project for a total consideration of £1.05M (A\$1.86M<sup>1</sup>).

The £1,050,347.43 (A\$1,861,000<sup>1</sup>) total consideration is made up of:

- £104,998.47 (A\$186,000<sup>1</sup>) Initial Subscription cash payment for a 9.1% interest in the Redmoor Project. This payment has now been completed by SML with the first tranche paid on 26 May 2016 and the second tranche paid in early July 2016. The Initial Subscription payment is non-refundable and has been applied to repayment of internal company loans to NAE.
- £945,348.96 (A\$1,675,000<sup>1</sup>) Option Payment payable in cash by SML before 31 December 2016 in order to increase SML’s interest in the Redmoor Project to 50%.

Also in accordance with the agreement, NAE has subscribed for a total of 35,000,000 SML shares at an issue price of 0.30 pence per share. NAE is free to sell these shares to fund its working capital requirements subject to a maximum sale of 8M shares per week. The value of these shares held by NAE based on SML’s closing share price on 20<sup>th</sup> July 2016 (0.36 pence per share), along with cash from shares sold to date, is currently estimated at £115,043 (A\$204,000<sup>1</sup>).

The funds from the £945,348.96 SML Option Payment will be used primarily to advance the planned exploration drilling program at Redmoor which would commence in the first half of 2017 targeting the high grade tin-tungsten resource, subject to SML completing the Option Payment. These funds are not effected by exchange rate movements as the payment is in GBP and will be retained in the UK.

Following successful completion of a £429,000 placement by SML on 21 June and feedback SML’s Directors have received in relation to the Redmoor project and the ability of SML to fund its Option Payment, SML’s Directors are confident that SML can make the £945,348.96 Option Payment before the end of the Option Period (31 December 2016).

The agreement with SML enables NAE shareholders to retain exposure to 50% of the Redmoor Project upside with the next stage of drilling to be fully funded by SML with the proceeds from the Option Payment upon its completion.

Copies of announcements made by SML on the transaction can be found on SML’s website <http://www.strategicminerals.net/investors/rns-announcements.html>

## LOCHINVAR COKING COAL PROJECT, UK

Activities on the Lochinvar Coking Coal Project located on the Scottish/English border remain curtailed as a result of current low coking coal prices and market conditions. The licences are being maintained in good standing along with the strong community and stakeholder relationships established for the project.

The Board remains confident that the medium to long term outlook for coking coal remains strong due to the shortage of good new supply projects which we expect will struggle to meet long term global demand growth.

Coking Coal spot prices have begun to show improvement over the previous quarter when they have increased from ~US\$73/t in early March to ~US\$95/t on 20 July 2016. As announced in the previous quarterly report,

exchange rate movements have also been favourable with costs now expected to be lower in US\$ terms (lowest quartile US\$70/t Lochinvar Scoping Study costs now expected to be <US\$65/t).

Lochinvar is extremely well positioned to take advantage of the next market upturn and it remains the Company's intention to re-commence activity at Lochinvar when coking coal prices improve sufficiently.

The impact of the 'Brexit' vote being a close win for the 'leave' option as well Scotland's strong 'stay' vote is considered to have a low impact on the potential development of Lochinvar, however, this will be monitored by NAE as the impacts are clarified by the UK and Scottish Governments.

## CORPORATE

### Research and Development Tax Relief Payment

On Friday 1 July 2016 NAE's wholly owned UK Subsidiary, Lochinvar Coal Limited, received a cash payment of £456,729 (A\$ 809,000<sup>1</sup>) net of fees from the UK Government for Research and Development Tax Relief.

The UK Government tax authorities have a 12-month enquiry window (ending in May 2017) during which enquiries may be made on the Research and Development claim.

### Placement of Shares to RCF

On the 5 July 2016, 15,700,000 fully paid ordinary shares in NAE were placed to Resource Capital Fund V L.P ("RCF"), at a subscription price of 1.5 cents per share to repay US\$174,882.30<sup>2</sup> (A\$235,500) of the Company's US\$252,498.35 (A\$340,019.32<sup>2</sup>) unsecured loan to RCF which the Company drew on 29 February 2016 as the remaining amount available under the US\$0.6M RCF Funding Facility announced on 18 May 2015. As a result, the RCF unsecured loan balance has now reduced to US\$77,616.05 (A\$104,519.32<sup>2</sup>).

A further 925,914 fully paid ordinary shares in the Company were also placed to RCF on 5 July 2016 at a subscription price of 0.99 cents per share to repay US\$6,807.08<sup>2</sup> (A\$9,166.55) interest accrued to date on the loan.

### New Opportunities (Gold focus)

NAE's strategy is to actively progress gold project opportunities in parallel with advancing the Redmoor tungsten project through the joint venture with SML. Several gold opportunities are currently actively being evaluated by the Company.

## COMPETENT PERSON'S STATEMENT

The information in this report that relates to Exploration Results and also the Exploration Target and Inferred Mineral Resource is based on information compiled and reviewed by Dr Mike Armitage, who is the Chairman and Principal Geologist of SRK Global and SRK Consulting (UK) Ltd and is a Member of the Institute of Materials, Minerals and Mining (MIMMM), a Fellow of the Geological Society of London (FGS), a Chartered Geologist of the Geological Society of London (CGeol) and a Chartered Engineer, UK (CEng). Dr Armitage 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Armitage has consented to the inclusion in the report of the matters based on his information in the form and context in which it appears.

## FORWARD LOOKING STATEMENTS

This report contains "forward-looking information" that is based on the Company's expectations, estimates and forecasts as of the date on which the statements were made. This forward-looking information includes, among other things, statements with respect to the Company's business strategy, plans, objectives, performance, outlook, growth, cash flow, earnings per share and shareholder value, projections, targets and expectations, mineral reserves and resources, results of exploration and related expenses, property acquisitions, mine development, mine operations, drilling activity, sampling and other data, grade and recovery levels, future production, capital costs, expenditures for environmental matters, life of mine, completion dates, commodity prices and demand, and currency exchange rates. Generally, this forward-looking information can be identified by the use of forward-looking terminology such as "outlook", "anticipate", "project", "target", "likely", "believe", "estimate", "expect", "intend", "may", "would", "could", "should", "scheduled", "will", "plan", "forecast" and similar expressions. The forward looking information is not factual but rather represents only expectations, estimates and/or forecasts about the future and therefore need to be read bearing in mind the risks and uncertainties concerning future events generally.

### Footnotes

<sup>1</sup> AUD conversions are based on the GBP:AUD exchange rate on 21 July 2016 of 0.56439 with AUD amounts rounded to the nearest A\$1,000. Actual AUD amounts may vary based on actual exchange rates at the time of currency conversion. All of the SML transaction payments are payable in GBP and the AUD amounts are estimates based on the abovementioned exchange rate. Note that the GBP has fallen approximately 13% relative to the AUD since the 26 May 2016 when the SML transaction was announced and therefore the estimated AUD amounts stated on the 26 May 2016 announcement were higher.

<sup>2</sup> USD:AUD currency conversions stated for the RCF Unsecured Loan repayment placement are based on the AUD:USD exchange rate on 30 June 2016 of 0.7426.

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## FOR MORE INFORMATION

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# Appendix 5B

## MINING EXPLORATION ENTITY AND OIL AND GAS EXPLORATION ENTITY QUARTERLY REPORT

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

New Age Exploration Ltd

ABN

65 004 749 508

Quarter ended ("current quarter")

30 June 2016

### Consolidated statement of cash flow

	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation	(18)	(179)
(b) development		
(c) production		
(d) administration	(166)	(765)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	1	4
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
<b>Net Operating Cash Flows</b>	<b>(183)</b>	<b>(940)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments	(144)	(144)
(c) other fixed assets		
1.9 Proceeds from sale of:		
(a) prospects		
(b) equity investments	21	21
(c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
<b>Net investing cash flows</b>	<b>(123)</b>	<b>(123)</b>
1.13 Total operating and investing cash flows (carried forward)	(306)	(1,063)

+ See chapter 19 for defined terms

1.13	Total operating and investing cash flows (brought forward)	(306)	(1,063)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	149	386
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		353
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	<b>Net financing cash flows</b>	149	739
	<b>Net increase (decrease) in cash held</b>	(157)	(324)
1.20	Cash at beginning of quarter/year to date	363	532
1.21	Exchange rate adjustments to item 1.20	(7)	(9)
1.22	<b>Cash at end of quarter</b>	199	199

**Payments to directors of the entity, associates of the directors, 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	53
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

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

### 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	35	5

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	94
4.2 Development	
4.3 Production	
4.4 Administration	148
<b>Total</b>	<b>242</b>

### 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	165	329
5.2 Deposits at call	34	34
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>199</b>	<b>363</b>

### Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed				
6.2 Interests in mining tenements and petroleum tenements acquired or increased				

+ See chapter 19 for defined terms

**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 <b>Preference *securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>*Ordinary securities</b>	343,498,083	343,498,083		-
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>*Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	1,050,000	-	<i>Exercise price (cents)</i> 4.5	<i>Expiry date</i> 26/06/2017
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter	550,000 18,000,000		<i>Exercise price (cents)</i> 4.47 10	<i>Expiry date</i> 27/05/2016 27/05/2016
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <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 5).
- 2 This statement does ~~/does not\* (delete one)~~ give a true and fair view of the matters disclosed.

Sign Here:



Date: . 22 July 2016 .

(Managing Director)

Print name: Gary Fietz

## 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 and petroleum 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 or petroleum 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 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting 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.

In accordance with ASX Listing Rule 5.3.3, New Age Exploration Limited provides its list of exploration licences with its June 2016 quarterly activities report.

Licence No.	Project	Country	Area (km <sup>2</sup> )	Licence Type	NAE Group % Interest
CA11/EXP/0515/N	Lochinvar	United Kingdom	67.5	Exploration Licence	100%
CA11/UND/0515/N	Lochinvar	United Kingdom	67.5	Underground Conditional Licence	100%
CA11/EXP/0545/N	Lochinvar South	United Kingdom	51.0	Exploration Licence	100%
CA11/UND/0182/N	Lochinvar South	United Kingdom	51.0	Underground Conditional Licence	100%
CL132803 <sup>(a)</sup>	Redmoor	United Kingdom	23.0	Mineral Rights	100%

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- a) The Mineral Rights for Title CL132803 is currently being re-registered with the Land Registry for England and Wales.