



Quarterly Report

To 31 December 2016

New Age Exploration Limited ("NAE" or "the Company") is pleased to provide shareholders the Company's Quarterly Report for the period ending 31 December 2016.

Highlights

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

- **Shareholders Agreement with SML for Redmoor Project JV in January**
- **SML nominated 31 January 2017 as the date on which it will exercise its option by making a payment of £843,649 to increase its stake in the Redmoor Project to 50%**
- **Re-naming of the Redmoor JV operating company to Cornwall Resources Limited**
- **Preparations for the 2017 exploration drilling program at Redmoor are now well advanced**
- **Otago South Gold Project Prospecting Permits granted in October by the NZ Government, giving NAE first mover advantage to explore the south Otago Schist belt for (>10Moz Au) Macraes style gold deposits where a 'mirror image' of the geology hosting the Macraes mine in the north of the schist belt has been identified by recent research**
- **Otago South Gold Project fieldwork commenced in late November by Dr Doug MacKenzie and technical consultants CRL Energy commenced soil sampling in January to expedite the work program**
- **Re-starting activities on the Lochinvar Coking Coal Project in the UK given the increase in Hard Coking Coal price and demand. Market study, capital and operating cost and scoping study results update due in Feb 2017**
- **Completion of \$1.384M heavily oversubscribed capital raising at 2.0c per share in November**
- **\$2.097M NAE consolidated cash position at 31 December 2016**

Activities

REDMOOR TIN-TUNGSTEN PROJECT, UK

Tin prices have stabilised in the US\$20,000/t – US\$21,000/t range during the quarter representing an increase of around 40% since the start of 2016.

Joint Venture Agreement – Strategic Minerals

Background

NAE completed a JV agreement in May with AIM-listed Company, Strategic Minerals Plc (“SML”). SML will earn a 50% interest in the Redmoor Tin-Tungsten Project in Cornwall for a total consideration of £1.05M.

In September an amendment to the JV agreement was agreed with SML whereby SML made a £101,700 part-payment of the Option Payment which will be used for advancing pre-drilling works aimed at commencing drilling at Redmoor in the first half of 2017. The Option period was also extended until 15 February 2016.

Under the amended JV agreement the £1,050,348 total consideration is made up of:

- £104,999 Initial Subscription cash payment for a 9.1% interest in the Redmoor Project, paid in May and July earning SML a 9.15% interest in the Redmoor JV
- £101,700 Pre-Payment of Option Payment paid in September to be used for advancing pre-drilling works, increasing SML’s interest in the Redmoor JV to 16.4%
- £843,649 Option Payment Balance payable by SML before 15 February 2017 in order to increase SML’s interest in the Redmoor Project to 50%. The Option Payment balance will be applied to the Redmoor drilling program planned to commence in the first half of 2017

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.

Update on Activities

During the quarter the name of the joint venture vehicle operating the Redmoor Tin-Tungsten Project in Cornwall was changed to Cornwall Resources Limited

On 18 January 2017 it announced that after having received a payment of US\$400,000 it had sufficient funds to enable it to exercise its Option to take its holding in the Redmoor project to 50% and fund the proposed 2017 drilling programme focused on increasing the high-grade resource.

On 25 January 2017, NAE signed a Shareholders Agreement with SML and Cornwall Resources Limited and SML nominated 31 January 2017 as the date on which it will formally exercise its option by making a payment of £843,648.96 to increase its stake in CRL and the Redmoor Project to 50%. The £843,648.96 funds receivable by CRL pursuant to the SML option exercise will be applied to a phased drilling program to be undertaken at Redmoor in 2017.

2017 Redmoor Exploration Drilling Program

A phased exploration drilling program with the first phase likely to consist of 15-20 holes is planned to commence in the first half of 2017 at Redmoor. The primary objective of the program is to convert the high grade Exploration Target to an Inferred Mineral Resource.

Pre-drilling activities commenced in September for the planned exploration drilling program and significant progress has been made in recent months in preparation for commencing drilling which is on track for commencement in the first half of 2017. A number of key appointments have been made to the project team and the development of the drilling contract is advancing well after completion of a tender process in late 2016 and selection of a preferred drilling contractor in early January.

In October 2016, Mr Jeff Harrison was engaged as a Community Advisor for the Redmoor Project. Jeff has already made excellent progress in building relationships with the local community where the reception to the project has been positive. Jeff has also made substantial progress in signing of land access agreements for the 2017 drilling program. Jeff is an experienced mining engineer, operations manager and general manager, with over 35 years' experience in the mining industry. More recently, he was the Operations Manager for Wolf Minerals, where he provided similar services that were instrumental in gaining landowner and community support necessary for the development of the Drakelands tungsten mine, commissioned in 2015 and located 40km from the Company's mine site in Devon. Jeffrey lives in Cornwall approximately 20km from the Redmoor project.

In January 2016, Mr Brett Grist was appointed as Exploration Manager to lead the 2017 drilling program at Redmoor. Brett is a geologist from the Royal School of Mines, London with over 18 years of exploration and mining experience in base metals and gold. He has worked in Europe, the Middle East, West and Central Africa and Australia. In his most recent role as CEO for CASA Mining Limited in the Democratic Republic of Congo, Brett led the discovery, drilling and definition of the 1.2M Oz Au Misisi deposit in DRC. Brett lives in Devon, UK, close to the Redmoor project. He has a passion for tin mining in the South West of England and is a member of the Dartmoor Tin-working Research Group.

OTAGO SOUTH GOLD PROJECT, NZ

Two Prospecting Permits over the Otago South Gold Project covering a total area of 876 km² were granted to NAE by New Zealand Petroleum & Minerals on 17 October 2016. The permits were approved in under two months, a much shorter timeframe than expected. This clearly demonstrates that the NZ Government is supportive of exploration and mining.

Each of the Prospecting Permits have been granted for an initial period of 2 years and allow low impact prospecting activities to be undertaken such as; geological mapping, soil and rock chip sampling and aerial surveys. Exploration Permits are required prior to drilling being undertaken which Prospecting Permit holders have the exclusive right to apply for.

Recent research has identified a 'mirror image' in the south of the Otago Schist belt within NAE's permits of the geology present in the north of the schist belt some 60km away which hosts the (>10Moz Au) Macraes gold mine. NAE is now in an exciting position of being the first to explore the South Otago Schist belt for Macraes style gold deposits within these permits.

The Initial exploration program on the Otago South Gold Project commenced in mid-November focused on geological mapping and soil sampling for arsenic (a pathfinder mineral for gold within the Otago Schist) using a portable hand-held XRF device. Using these methods the large permit areas can be quickly and cost effectively screened to identify drilling targets over areas with anomalous levels of arsenic (via portable XRF) and gold (via laboratory analysis) and mapped shear zones. The initial work program has an expected cost of ~NZ\$150,000 and is expected to take ~4 months to complete.

In November Managing Director, Gary Fietz spent 4 days visiting the permits with Dr Doug MacKenzie from the University of Otago.

In December Dr Doug MacKenzie has commenced geological mapping to identify potential shear zones that may host gold mineralisation

In December technical consultants CRL Energy were engaged to undertake the soil sampling program over the permits to expedite the work program. CRL commenced the soil sampling program on site in January.



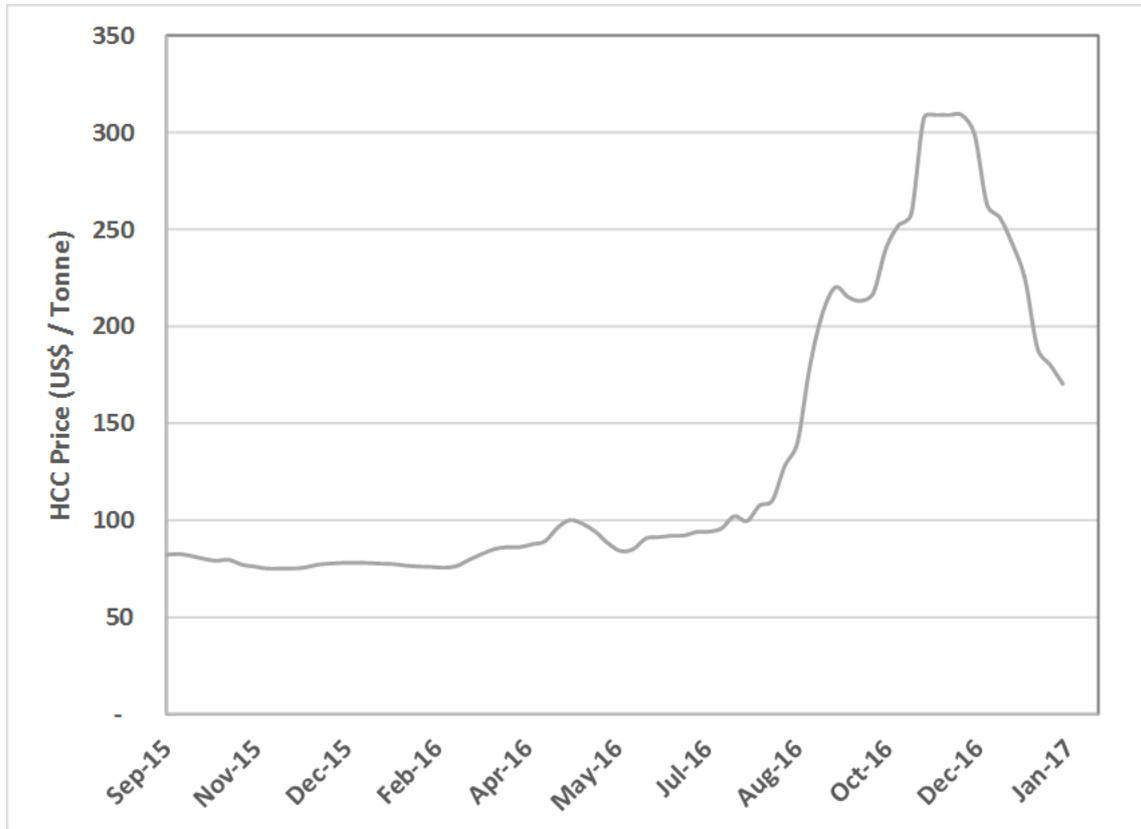
Dr MacKenzie and Mr Fietz Soil Sampling on the Mahinerangi Permit

LOCHINVAR COKING COAL PROJECT, UK

The Lochinvar Coking Coal Project is located on the Scottish / English border. NAE was granted the initial Lochinvar exploration licence and conditional underground mining licence in June 2012. All licences are in good standing and are 100% owned by NAE.

In November 2016, the Company announced that it was re-starting activities on its Lochinvar Coking Coal Project in the UK given the strong increase in Hard Coking Coal price and demand. At the time in mid-November the Hard Coking Coal Benchmark spot price has risen by over 300% during 2016 with the price reaching US\$307 / t FOB Australia.

Since mid-December, coking coal prices have fallen again with the Hard Coking Coal Benchmark spot price currently (25 January 2017) starting to stabilise at the US\$170/t FOB Australia level.



Hard Coking Coal Spot Price (US\$/t FOB Aust)

With an Indicated Resource and Scoping Study completed in 2014, the Lochinvar Project is well positioned to take advantage of the upturn in coking coal prices and demand.

The initial activities which have now re-commenced on the Lochinvar Project include:

- An assessment of the market for Lochinvar coal focusing on European steel mills An update of the capital and operating costs for the project reflecting lower GBP:USD exchange rates post Brexit being undertaken by technical consultants Palaris
- An update of the Lochinvar 2014 Scoping Study results which gave an NPV of US\$263M based on a HCC benchmark price of US\$165/t and average annual saleable coking coal production of 1.4Mtpa.

These activities are expected to be completed in February 2017, along with a review of the next steps required to advance the project to the next phase.

CORPORATE

Completion of \$1.384M Capital Raising (Heavily Oversubscribed)

In November 2016 NAE completed a capital raising, raising \$1,384,000 before associated costs from clients of lead manager, Peloton Capital Pty Ltd. The placement was heavily oversubscribed, with many applicants scaled back considerably.

The capital raising was undertaken via the placement of 69.2 million new fully paid ordinary NAE shares at an issue price of 2.0 cents (\$0.02) per share. The shares were placed to sophisticated investors pursuant to Chapter 7 of ASX Listing Rules.

RCF Loan Repayment

In January, NAE fully repaid its bridge loan of US\$81,001.39 (inclusive of interest) in cash to its largest shareholder Resource Capital Funds V L.P. The Company now has no outstanding loans to RCF or to any other party.

COMPETENT PERSONS STATEMENT

REDMOOR

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 of SRK Global and a Corporate Geologist with 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.

LOCHINVAR

The Resources estimate is based on information compiled by Dr John Bamberry, who is a Member of the Australasian Institute of Geoscientists (Member No. 4090). Dr Bamberry is General Manager of Geological Services of Palaris. He has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity 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 Bamberry has over 25 years' experience in exploration and mining of coal deposits.

Neither Dr Bamberry nor Palaris have a direct or indirect financial interest in, or association with New Age Exploration Ltd, the properties and tenements reviewed in this report, apart from standard contractual arrangements for the preparation of this report and other previous independent consulting work. In preparing this report, Palaris has been paid a fee for time expended based on standard hourly rates. The present and past arrangements for services rendered to New Age Exploration Ltd do not in any way compromise the independence of Palaris with respect to this review.

OTAGO SOUTH GOLD PROJECT

The information in this report that relates to Exploration Results is based on information compiled and reviewed by Dr Doug MacKenzie, who is a Senior Research Fellow at the University of Otago, Geology Department and is a Member and Chartered Professional Geologist of the Australasian Institute of Mining and Metallurgy. Dr MacKenzie has over 20 years research experience in the Otago Schist and related rocks with emphasis on relationships between structure, metamorphism and gold mineralization. Dr MacKenzie has sufficient experience which 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'. Dr MacKenzie consents 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.

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, 01/05/13, 01/09/16

Name of entity

New Age Exploration Ltd

ABN

65 004 749 508

Quarter ended ("current quarter")

31 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(83)	(133)
(b) development		
(c) production		
(d) staff costs	(96)	(174)
(e) administration and corporate costs	(121)	(176)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		776
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(300)	293
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments		(52)
(d) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		170
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	-	118
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	1,384	1,612
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options	(91)	(91)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	1,293	1,521
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,108	199
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(300)	293
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	118
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,293	1,521
4.5	Effect of movement in exchange rates on cash held	(4)	(34)
4.6	Cash and cash equivalents at end of period	2,097	2,097

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,163	1,074
5.2	Call deposits	934	34
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,097	1,108

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
80

Fees paid to directors or their related entities

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000

Mining exploration entity and oil and gas exploration entity quarterly report to 31 December 2016

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$'000	Amount drawn at quarter end \$'000
8.1 Loan facilities		
8.2 Credit standby arrangements	34	1
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Company credit card facilities secured by term deposits

9. Estimated cash outflows for next quarter	\$'000
9.1 Exploration and evaluation	272
9.2 Development	
9.3 Production	
9.4 Staff costs	117
9.5 Administration and corporate costs	40
9.6 Other (provide details if material)	
9.7 Total estimated cash outflows	429

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

COMPLIANCE STATEMENT

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:.....
(Director/Company secretary)

Date: **31 January 2017**.....

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

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

Licence No.	Project	Country	Area (km ²)	Licence Type	NAE Group % Interest
CA11/EXP/0515/N	Lochinvar	United Kingdom	67.5	Exploration Licence	100%
CA11/UND/0176/N	Lochinvar	United Kingdom	67.5	Conditional Underground Licence and Option Agreement	100%
CA11/EXP/0545/N	Lochinvar South	United Kingdom	51.0	Exploration Licence	100%
CA11/UND/0182/N	Lochinvar South	United Kingdom	51.0	Conditional Underground Licence and Option Agreement	100%
CL132803 ^(a)	Redmoor	United Kingdom	23.0	Mineral Rights	83.4%
MPP60254	Otago South Gold - Mahinerangi	New Zealand	417.5	Prospecting Permit	100%
MPP60255	Otago South Gold - Teviot	New Zealand	458.5	Prospecting Permit	100%

a) Part of the Mineral Rights for Title CL132803 have not yet been registered with the Land Registry for England and Wales.