

Lochinvar Metallurgical Coal Project Overview

HIGHLIGHTS

- **Total estimated metallurgical coal resource of 111 Mt¹ has been defined within the Lochinvar project area comprising:**
 - **49 Mt Indicated Resource**
 - **62 Mt Inferred Resource**
- **Palaris engaged again to provide a further update to its initial Scoping Study**
- **Ideally located to become a supplier of low cost, high volatile metallurgical coal**
- **Financial model to be updated to include current coal price forecasts**

In response to a number of queries received following its ASX release last week and given the time which has elapsed since its previous resource estimates and scoping study, **New Age Exploration Limited** (ASX:NAE) (**NAE** or the **Company**) provides the following overview of its Lochinvar metallurgical coal project located on the boarder of England and Scotland in the United Kingdom. The project consists of three adjacent exploration and conditional underground mining licences known as Lochinvar, Lochinvar North and Lochinvar South. All three licences are 100% owned by NAE.

New Age Exploration Executive Director, Joshua Wellisch, commented:

"Post our ASX release last week, the Board has received numerous enquiries relating to the Lochinvar metallurgical coal project. As we have seen, recent geopolitical events has seen the demand for metallurgical coal increase dramatically and we expect prices to remain high for a number of years."

Scoping Study

In October 2014, NAE completed the initial Lochinvar Scoping Study with Palaris Australia Pty Ltd (**Palaris**) ([See ASX Announcement 27 October 2014](#))² which confirmed the potential for a low cost long life 1.9Mtpa long wall mining project to deliver 1.4Mtpa metallurgical coal to UK and European markets. The Scoping Study was updated in March 2017 and delivered a robust set of economics highlighted by a post-tax NPV9% of US\$410M with and IRR of 27% and a payback of 4 years ([See ASX Announcement 15 March 2017](#))³ using the prevailing Hard Coking Coal (**HCC**) spot price US\$160/t at the time.

Resource Estimate and Exploration Target

A total estimated metallurgical coal resource of 111 Mt¹ comprising 49 Mt Indicated Resource and 62Mt Inferred Resource was defined within the Lochinvar licence for the Nine Foot and Six Foot Seams in combination, located within the Lochinvar project area.

The Resource Estimate was based on 9 holes drilled by the National Coal Board (NCB) from 1979 through to 1983 and 10 holes drilled by NAE in 2013 and 2014.

An Exploration Target of 31 – 64 Mt was also identified which includes both the Lochinvar and Lochinvar South Leases and was reported in the same report as the Resource Estimate.¹ A further Exploration Target for the Lochinvar North licence of 77-142 Mt was estimated by Palaris in [April 2019⁴](#). Further details in respect of Exploration Targets, including the level of exploration activity on which the estimates are based, and the exploration intended to test the Exploration Targets, is set out in the ASX release referred to above. The potential quantity and quality of the Exploration Targets is conceptual in nature. Insufficient exploration has been undertaken to estimate a Mineral Resource and it is uncertain that further exploration will result in the estimation of a Mineral Resource.

Each of the Resource Estimate and the Exploration Targets were reported under the JORC Code (2012).

About Lochinvar

Historic exploration at Lochinvar commenced in the 1950's by the National Coal Board (**NCB**), which sank an initial four boreholes. This work proved the existence of the same sequence of thick coals of the Middle Coal Measures, which had been previously mined at Rowanburn colliery, within the Lochinvar North licence.

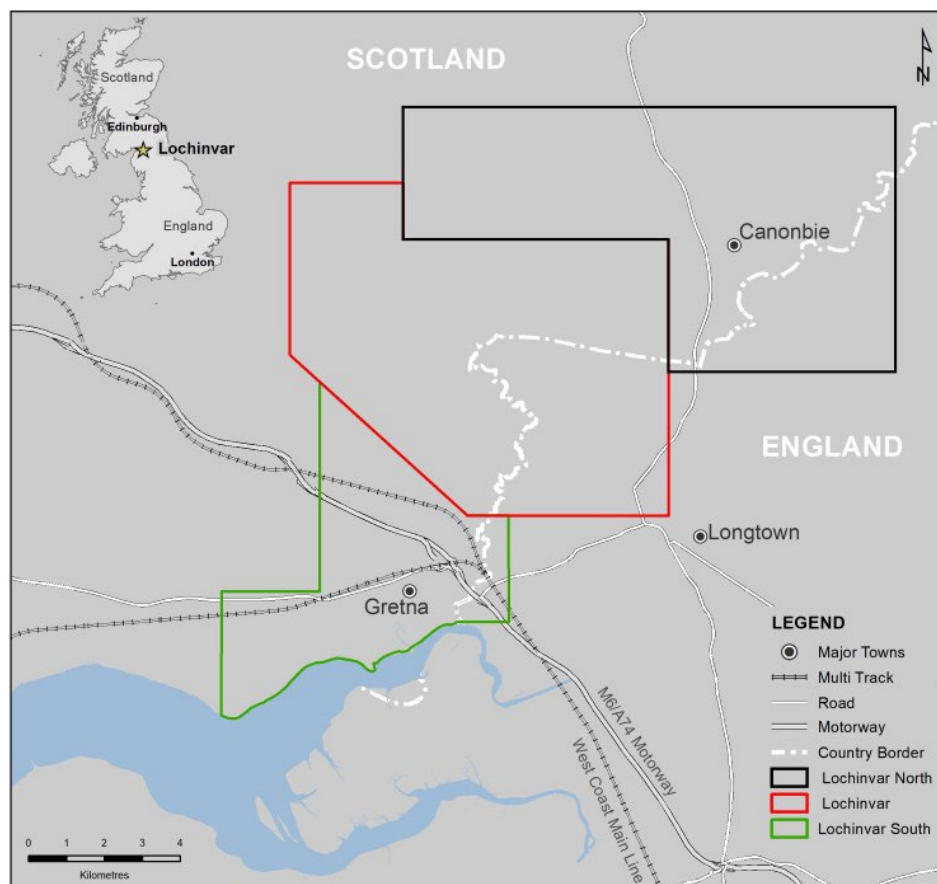


Figure 1: Location of the Lochinvar Metallurgical Coal Project

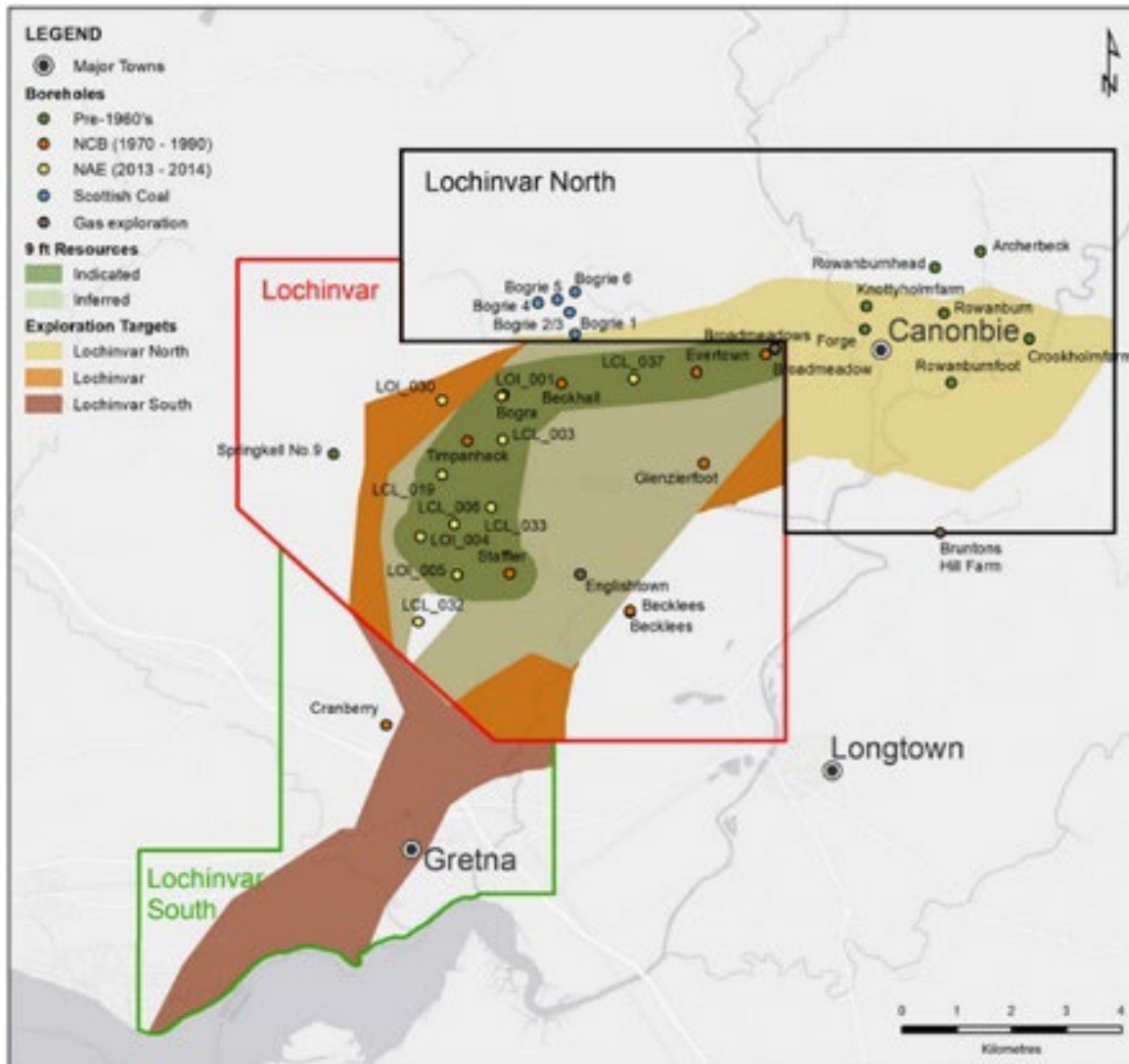


Figure 2: NAE Lochinvar Licences, Resource and Exploration Target areas

Market and Infrastructure

Lochinvar is ideally located to become a supplier of low cost, high volatile metallurgical coal to the European steel industry as a result of:

- Located 7km from the main West Coast Main Line railway – which links directly to UK steel mills and nearby ports to access European market
- Lower labour rates when compared to Australian mining costs
- Lochinvar estimated 1.4Mtpa annual production per the Scoping Study completed in 2017³ represents ~12% of UK/Europe High Volatile HCC coking coal imports in 2021
- Lochinvar coal enjoys a clear distance and freight cost advantage over competing imported coal and the benefit of regular local deliveries reducing customer inventories.

Metallurgical Coal

Metallurgical coal prices recently spiked above US\$500/t due to supply/demand imbalances post the Russian invasion of Ukraine. This is well above the KPMG long-term forecast of US\$150/t, but NAE expect prices to remain elevated for a number of years due to strong demand, ongoing trade imbalances post the Russia/Ukraine war and a lack of investment in new mine capacity due to environmental constraints.

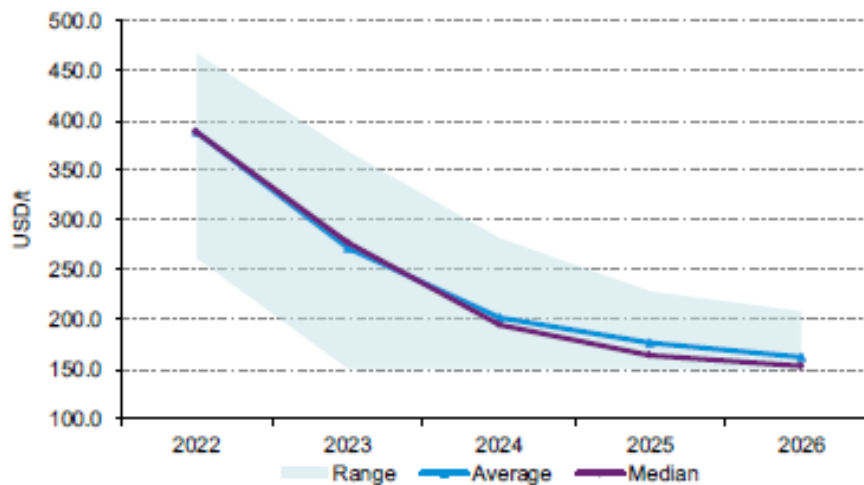


Figure 3: Hard Coking Coal Price Forecasts (KPMG)

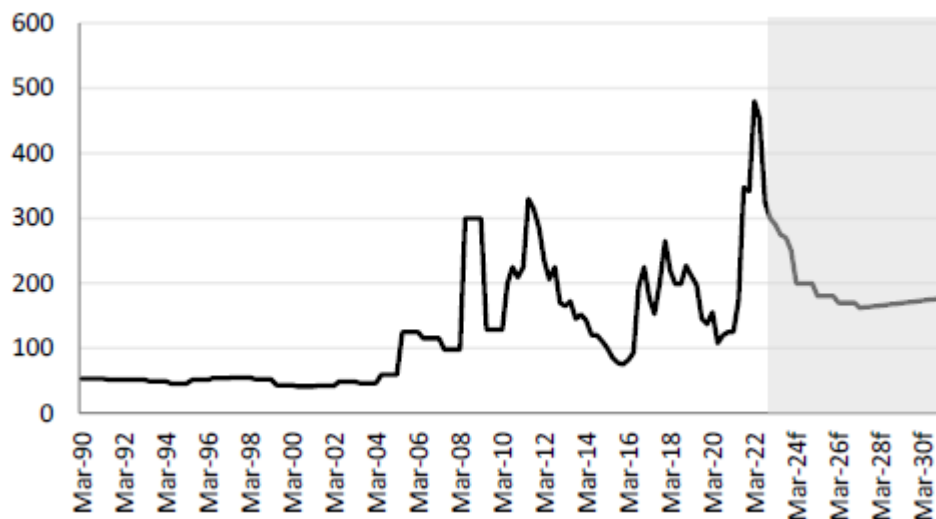


Figure 4: Premium HCC price (US\$/t) (Meta Bulletin and Factset)

-ENDS-

Authorised for release by the Board.

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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.

COMPETENT PERSONS STATEMENTS

1. The original report was “Lochinvar Resource Upgrade and Product Quality” which was issued with the consent of the Competent Person, Dr John Bamberry. The report was released to the ASX on 29 August 2014 and can be located at www2.asx.com.au, search code NAE. The Company is not aware of any new information or data that materially effects the information included in the relevant market announcement and, in the case of Mineral Resources and Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.
2. The original report was “Scoping Study Confirms Robust Economics, Low Costs and Long Life for Lochinvar Coking Coal Project” which was issued with the consent of the Competent Person, Dr John Bamberry. The report was released to the ASX on 27 October 2014 and can be located at www2.asx.com.au, search code NAE. The Company is not aware of any new information or data that materially effects the information included in the relevant market announcement and, in the case of Mineral Resources and Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.
3. The original report was “Lochinvar Scoping Study Update” which was issued with the consent of the Competent Person, Dr John Bamberry. The report was released to the ASX on 15 March 2017 and can be located at www2.asx.com.au, search code NAE. The Company is not aware of any new information or data that materially effects the information included in the relevant market announcement and, in the case of Mineral Resources and Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.
4. The original report was “Lochinvar North Exploration Target” which was issued with the consent of the Competent Person, Dr John Bamberry. The report was released to the ASX on 15 April 2019 and can be located at www2.asx.com.au, search code NAE. The Company is not aware of any new information or data that materially effects the information included in the relevant market announcement and, in the case of Mineral Resources and Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.