

## Lochinvar Metallurgical Coal Project Update

### HIGHLIGHTS

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- **A review of the 2014 Scoping Study<sup>1</sup> as previously updated in 2017<sup>2</sup> has been completed by Palaris which confirms the project economics of the Lochinvar Metallurgical Coal Project remain robust, despite recent cost increases in the UK**
- **A metallurgical Coal Resource of 111 Mt<sup>3</sup> has previously been defined within the Lochinvar project area (49 Mt Indicated Resource and 62 Mt Inferred Resource)<sup>3</sup>**
- **Ideally positioned to become a supplier of low cost, high quality metallurgical coal**

**New Age Exploration Limited** (ASX:NAE) (**NAE** or the **Company**) is pleased to advise that it has received a review of the Lochinvar metallurgical coal project 2014 Scoping Study and as previously updated in 2017 from Palaris Australia Pty Ltd (**Palaris**). The review confirms that the project economics of the Lochinvar metallurgical coal project remain robust, despite recent cost increase in the United Kingdom. The Lochinvar metallurgical coal project is located on the border of England and Scotland in the United Kingdom. The project consists of three contiguous 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:**

*"This review of the Scoping Study re-confirms Lochinvar remains a commercially robust project. The reality is that the requirement for metallurgical coal in the process for steel production will remain intact for the foreseeable future and likely for decades to come. The Board continues to receive numerous enquiries relating to the Lochinvar metallurgical coal project, with geopolitical events driving a dramatic change in demand for metallurgical coal."*

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<sup>1</sup> For full details of the Scoping Study, please refer to the ASX release dated 27 October 2014 *Lochinvar Scoping Study Confirms Robust Economics*.

<sup>2</sup> For full details of the previous update to the Scoping Study in 2017, please refer to the ASX release dated 15 March 2017 *Lochinvar Scoping Study Update*

<sup>3</sup> For full details of the Coal Resource estimate, please refer to ASX release dated 27 October 2014 *Lochinvar Resource Upgrade and Product Quality*. NAE confirms that it is not aware of any new information or data that materially affects the information included in that release. All material assumptions and technical parameters underpinning the estimates in that release continue to apply and have not materially changed.

## Resource Estimate and Exploration Target

A total Coal Resource estimate of 111 Mt<sup>1</sup> comprising 49 Mt of Indicated Resource and 62Mt Inferred Resource was reported for the Lochinvar project contained within the Nine Foot and Six Foot Seams, located within the Lochinvar project area (see ASX Announcement dated 29 August 2014).

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<sup>1</sup>. NAE confirms that it is not aware of any new information or data that materially affects the information included in that release. All material assumptions and technical parameters underpinning the estimates in that release continue to apply and have not materially changed.

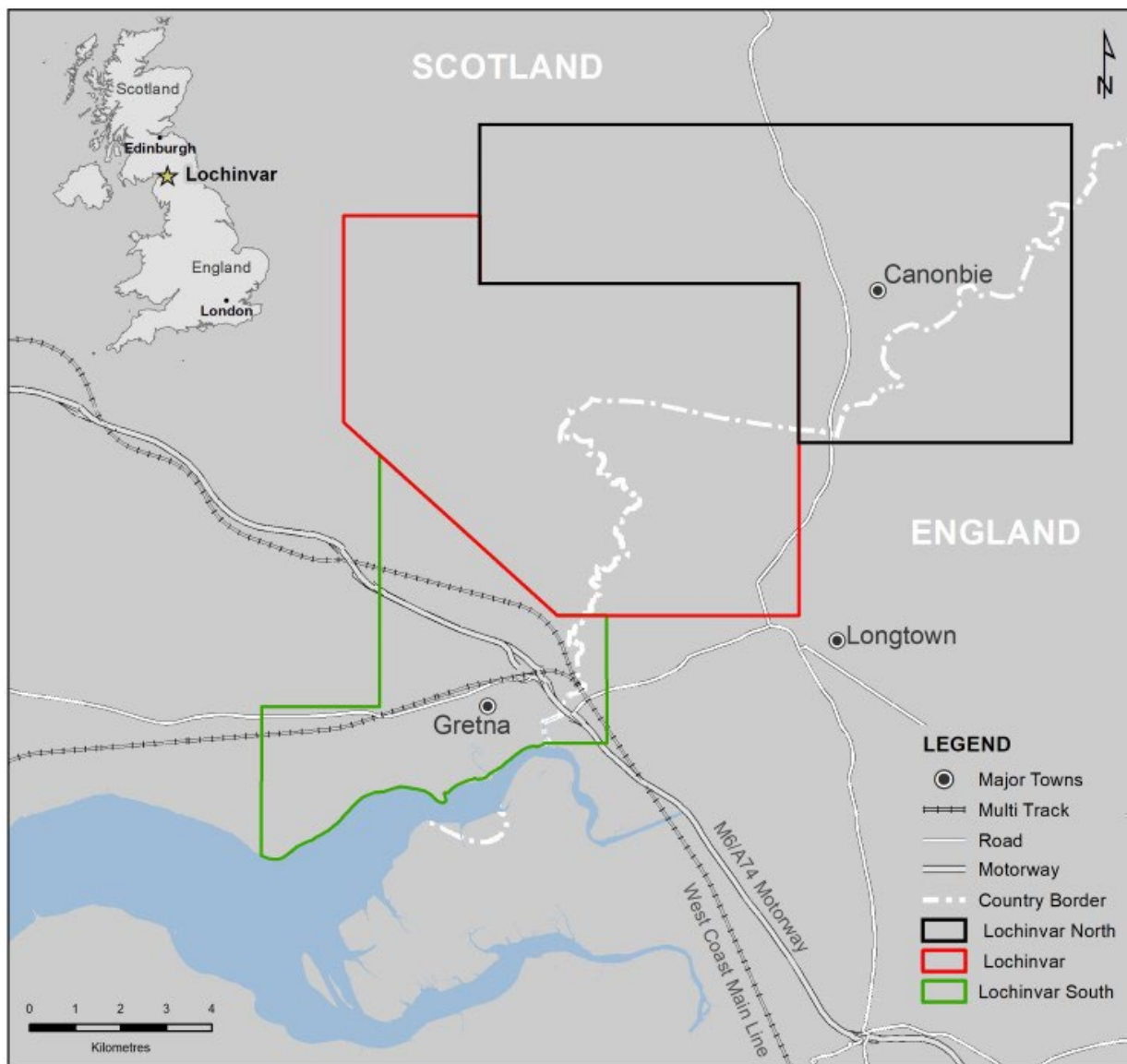


Figure 1: Location of the Lochinvar Metallurgical Coal Project

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 announcement as the Resource Estimate.<sup>1</sup>

A further Exploration Target for the Lochinvar North licence of 77-142 Mt was estimated by Palaris in [April 2019<sup>4</sup>](#) (see ASX Announcement dated 15 April 2019).

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 releases 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.

The Resource Estimate and the Exploration Targets were reported in accordance with the JORC Code (2012).

### About Lochinvar

Historic exploration at Lochinvar commenced in the 1950s 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.

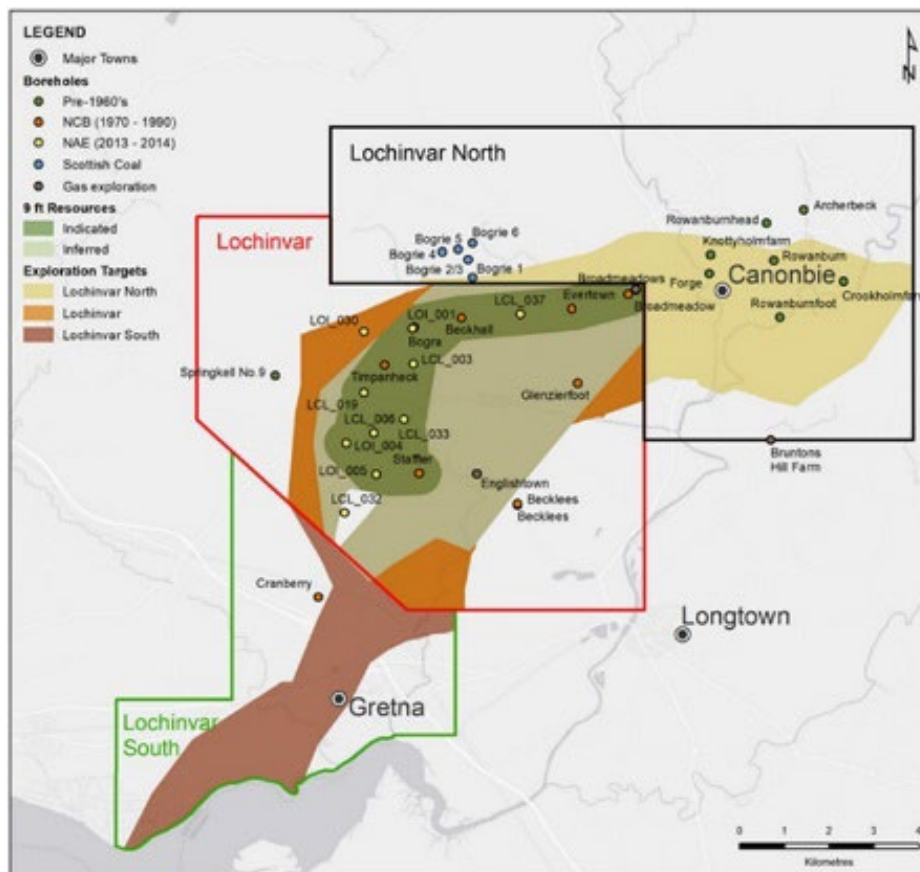


Figure 2: NAE Lochinvar Licences, Resource and Exploration Target areas

<sup>4</sup> For full details please refer to the ASX release dated 15 April 2019 *Lochinvar North Exploration Target*.

## 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 metallurgical coal enjoys a clear distance and freight cost advantage over competing metallurgical coal imports and the benefit of regular local deliveries reducing customer inventories.

**-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 “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](http://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 “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](http://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 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](http://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](http://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.