

LOCHINVAR COAL PROJECT

Low ash, high volatile metallurgical coal
in Southern Scotland

Historical Exploration

- 13 historic drill holes and over 100km of seismic lines
- Key target seam is the Nine Foot Seam, (thickness from 1.4m to 3.5m and dip between 5° and 15°)

Exploration

- Phase 1a drilling program complete; four holes successfully drilled

Secure Tenure

- 100% NAE owned Exploration Licence and Conditional Underground Mining Licence from The Coal Authority

Infrastructure

- World class infrastructure located near licence boundary, including rail, road and power

Strong support from local, regional and national government and largely positive community engagement



New Age Exploration Limited

ASX Code: NAE

ACN: 004 749 508

Resource Sector

Coal

Countries of Focus

UK

Colombia

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LOCHINVAR PROJECT UPDATE

- **Phase 1a drilling program successfully completed (four holes):**
 - Good thicknesses of Nine Foot Seam intersected in three of the four holes with the fourth hole defining the basin margin
 - Target seams intersected at significantly shallower depths than anticipated in holes LOI-004 and LOI-005
 - Coal analysis results from LOI-001 indicate potential to produce an attractive low ash high volatile metallurgical coal
- **LOI-004 coal samples are currently being analysed with raw coal quality results anticipated in August, followed by washability tests and clean coal quality results to follow in September**
- **Lochinvar maiden JORC Inferred Resource statement and updated Exploration Target scheduled for completion by mining consultants, Palaris, in September 2013:**
 - Majority of National Coal Board (NCB) historic boreholes on licence able to be used in JORC Resource estimate
 - With the addition of the 3 Phase 1a holes that intersected target seams, it is expected that the maiden Inferred Resource Statement will include the majority of the coal within targeted mining depths.
- **Tendering for the next phase of drilling (Phase 1b/2) now nearing completion. Required land access agreements are now in place and submissions for regulatory approvals have commenced. Program expected to commence in Q4 2013 and scheduled for completion by January 2014, with results from coal analysis due in Q1 2014.**
- **Scoping study has commenced and is scheduled to be completed by Q1 2014.**

NAE Managing Director, Gary Fietz commented: "We are pleased to report the Phase 1a drilling results validate the historic (NCB) drilling data and confirm attractive coal seam thicknesses for underground mining.

The historic NCB data and Phase 1a drilling results, will underpin the maiden JORC Inferred Resource estimate expected in September.

Work on the Lochinvar Scoping Study has commenced and the Company remains fully funded through this and the next phase of drilling."

PHASE 1A DRILLING PROGRAM RESULTS

The Lochinvar Phase 1a drilling program was completed in July 2013. Three of the four holes intersected the target seams demonstrating continuity of the Nine Foot Seam and extending the drilling coverage over the western side of the deposit. The Nine Foot Seam ranged in thickness from 1.42m to 2.81m (coal thickness) and occurs at depths between 312m and 327m. All significant seam intersections are presented in Table 1 with hole locations shown in Figure 1.

Table 1 – Composited Sample Intervals

Hole		From (m)	To (m)	Interval (m)	Coal Thickness (m)	Coal Type
LOI-001	Six Foot Seam	295.0	296.8	1.78	1.66	Coal
	Nine Foot Seam (entire seam)	311.6	315.1	3.41	2.81	Coal
LOI-004	Six Foot Seam (lower section)	313.2	313.8	0.54	0.54	Coal
	Nine Foot Seam (entire seam)	322.0	323.9	1.91	1.86	Coal
LOI-005	Six Foot Seam (upper section)	317.1	317.4	0.31	0.31	Inferior Coal
	Six Foot Seam (lower section)	318.8	319.5	0.62	0.62	Inferior Coal
	Nine Foot Seam (entire seam)	327.1	328.5	1.42	1.42	Coal
LOI-030	No coal intercept					

In holes LOI-004 and LOI-005 the target seams were intersected at shallower depths than predicted. The potential for shallower coal presents an opportunity to improve the economics of the project. Due to the shallower than anticipated intersections, the Six Foot and Nine Foot Seams were not cored in hole LOI-005 and the Six Foot Seam was not cored in hole LOI-004. Seam depths and thicknesses in these holes have however been confirmed by downhole geophysics. The Nine Foot seam was cored in hole LOI-004.

The current geological interpretation incorporating historic NCB holes, Phase 1a holes and seismic sections is presented in cross-sections A-A' and B-B' shown in Figure 2.

Hole LOI-030 did not intersect coal, but has improved the definition of the basin margin location, as presented in cross-section B-B' shown in Figure 2.

2013 KEY ACTIVITIES

Coal Quality Analysis

September 2013

Raw and washed coal quality for the Nine Foot Seam in hole LOI-004 is underway at ESG Laboratory in the UK. Raw analysis is expected to be completed in August and washability and clean coal analysis results are expected to be available during September. Emphasis will be placed on product washability parameters including product yield and reduction of sulphur in the clean coal.

Washability test work results for the first drill hole, LOI-001, identified the potential for Lochinvar to produce an attractive low ash, high volatile metallurgical coal for the UK and European markets (ASX announcements 11 April 2013 and 5 July 2013).

Lochinvar Inferred Resource and Updated Exploration Target

Q3 2013

During Q2, NAE engaged Palaris Mining, as technical consultants to the Lochinvar Project. Palaris are an internationally recognised, Australian based mining consultancy specialising in underground coal project evaluation and development. Palaris have commenced work on the maiden JORC compliant Inferred Resource estimate and Exploration Target for the Lochinvar Project.

The estimate will be based on validation and modelling of eight historic NCB drill holes, seismic lines and the three Phase 1a holes intersecting coal recently completed by NAE.

Following consideration of the results of the Phase 1a exploration program, review of historic data and study of the geological structure, Palaris consider that an Inferred Coal Resource may be declared. An Exploration Target (additional to Coal Resources) will be estimated for coal seams where there is currently insufficient data to declare a resource.

Phase 1b/2 Drilling Program

Commencing Q4 2013

The Phase 1b/2 drilling program is scheduled to commence in Q4 2013. Land access agreements are in place and permitting through the Coal Authority and the Scottish Environment Protection Agency is underway. The combined Phase 1b/2 drilling program is expected to comprise 4-6 holes located in the western (Phase 1b) and northern (Phase 2) parts of the deposit. Currently, NAE has signed a total of 14 land access agreements for drilling, including the four Phase 1a holes which have recently been completed.

The Phase 1b/2 drilling program is designed to further improve resource status, quantify the consistency of coal quality and seam thickness, further test the basin margin, and define geotechnical parameters. It will also build upon the Phase 1a findings to assist in preliminary mine planning and marketing option investigations for the scoping study currently underway. Subject to regulatory approvals, the Phase 1b/2 drilling is scheduled for completion in January 2014 with coal quality results available by end of Q1 2014.

An extensive evaluation of international drilling contractors is nearing completion. The rigorous process is expected to significantly reduce drilling costs, reduce site footprint and enable holes to be drilled at a significantly faster rate whilst maintaining quality of core in the coal measures.

PROJECT OFFICE

On the basis of the success of the Phase 1a drilling results NAE has recruited and emplaced a dedicated team of in-house coal exploration specialists to the project region. Commitment to the long term development of Lochinvar is supported by the establishment of an office adjacent to the project site.

TIMELINE

The following updated timeline shows the expected completion dates for the major activities which will provide the required resource definition, technical and economic information to support completion of the scoping study in Q1 2014.

	Jul. 2013	Aug. 2013	Sept. 2013	Oct. 2013	Nov. 2013	Dec. 2013	Jan. 2014	Feb. 2014	Mar. 2014
Phase 1a Drilling Program	Complete								
Drilling tender – Phase 1b/2 Program									
LOI-004 Raw Coal Analysis									
LOI-004 Washed Coal Analysis									
Maiden JORC Resource Statement									
Scoping Study									
Phase 1b/2 Drilling Program									
Phase 1b/2 Coal Analysis									
Phase 1b/2 JORC Resource Statement									

Competent Persons Statement

The information in the report to which this statement is attached that relates to Exploration Targets, 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.

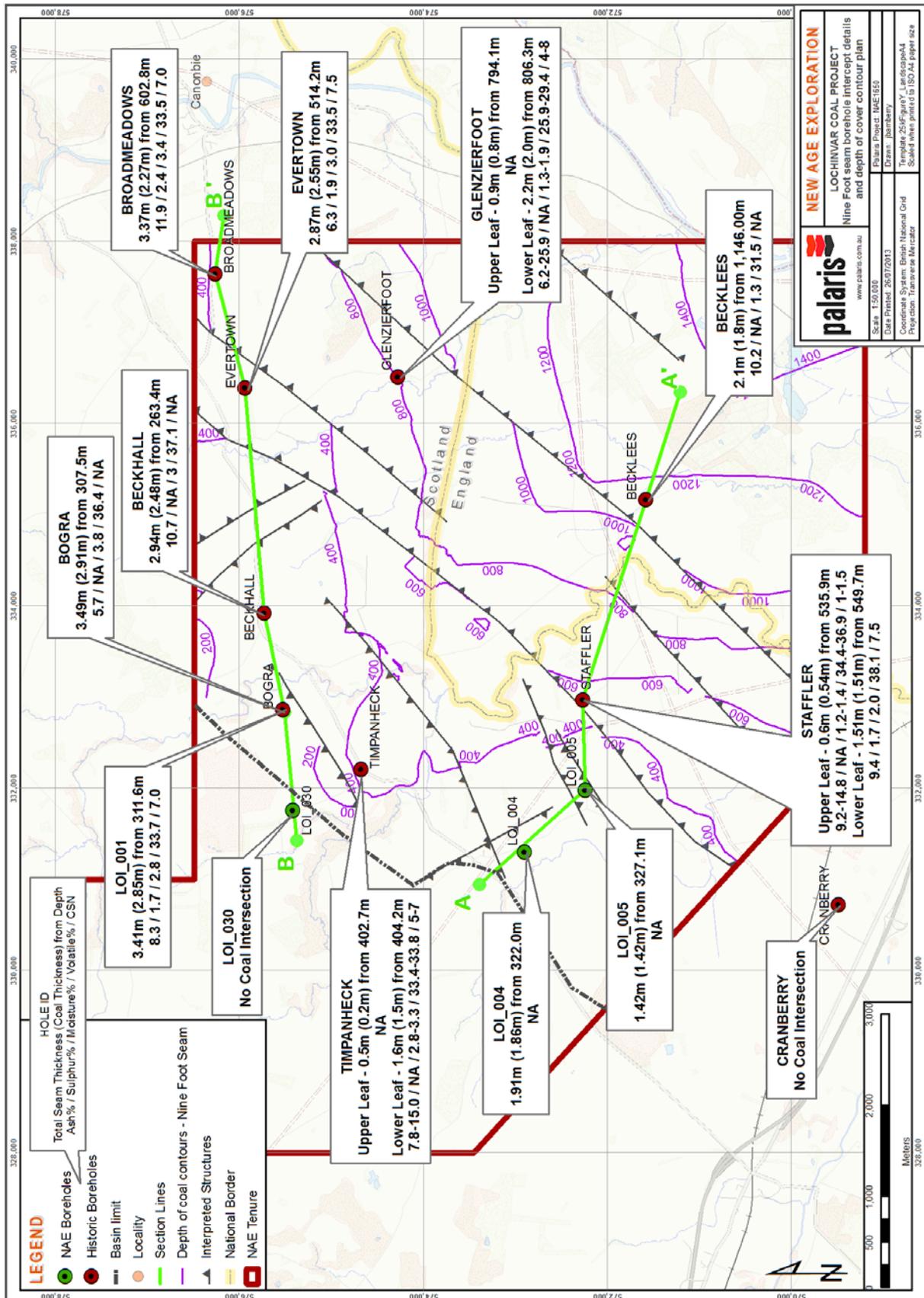


Figure 1 - Locations of new and historic NCB holes along with depth-to-coal contours for the Nine Foot Seam and basin structure interpreted from drilling, structural and seismic analysis.

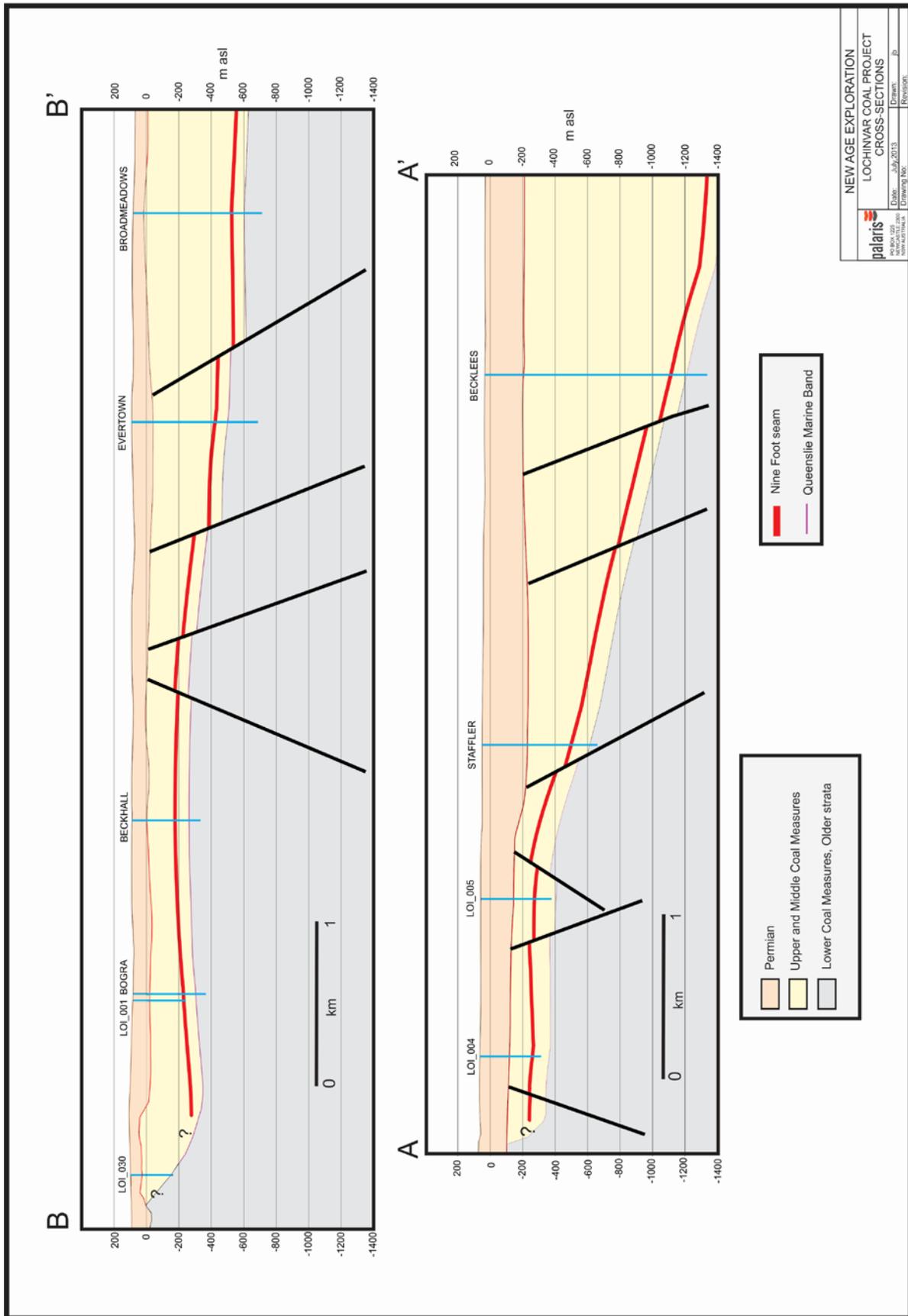


Figure 2 - Cross-sections facing north illustrating the interpreted Nine Foot seam location and structure of the basin. *Note:* Nine Foot Seam is shown at greater than true thickness for clarity purposes.