

LOCHINVAR COKING COAL PROJECT

Low ash coking coal project ideally located to supply domestic UK and Western European steel mills

Geology and Resource

- 13 historic drill holes plus 10 NAE holes and over 100km of seismic lines
- 112Mt Inferred Resource ¹
 - Nine Foot Seam (2.2m ave thickness)
 - Six Foot Seam (1.5m ave thickness)
 - 7° average dip
- 38 -81Mt Exploration Target

Secure Tenure

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

Infrastructure

- Immediate access to existing rail and port infrastructure

Strong support from local, regional and national government and community



Resource Sector
Coking Coal

Country of Focus
UK

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¹JORC Table 1 released to ASX on 20 May 2014.

LOCHINVAR SCOPING STUDY UPDATE

This announcement is a re-release of the 3 July 2014 announcement to include the JORC Table 1 for the Lochinvar Resource. Additionally; references to production rates have been removed. There are no other changes.

- Options selection stage of Scoping Study completed
- Extended Phase 1b drilling (additional 2 holes) completed with coal thicknesses expected to be announced in July
- Indicated Resource estimate expected to be released in July
- Coal analysis results expected to be released in August
- Scoping Study on track for completion in late September



Scoping Study Update – Option Evaluation Phase Complete

NAE has now completed the Options Selection Stage of the Lochinvar Scoping Study. This has involved a technical and economic assessment of a number of alternative development options for the project and selection of the most attractive case (the Priority Development Case). The final stage of the Scoping Study will now focus on more detailed technical and economic evaluation of the Priority Development Case.

The mining and infrastructure components of the Scoping Study are being led by Palaris Mining (Newcastle, Australia) with design input from Strata Control Technology (geotechnical evaluation), QCC Resources (coal processing) and Dalgleish & Associates based in Scotland (community, environment and planning).

The Priority Development Case presented is based on our current understanding and should not be relied upon as it remains both incomplete and inconclusive and, therefore, is subject to change before completion of the Scoping Study.

Priority Development Case - Miniwall Production

The Priority Development Case for the Lochinvar Project is based on a single miniwall as the primary underground mining unit.

The key components of the Priority Development Case are shown in Table 1.

Table 1 Priority Development Case Summary

Coal Mining
Main coal production via a single bi-directional miniwall shearer mining up to 90m panels
Gas drainage via in seam drilling in advance of development
Coal Access
6m diameter single drift at a grade of 1:8 to a depth of approximately 225m developed using a Tunnel Boring Machine
Conveyor suspended from roof of drift
Vertical shaft for ventilation and as second means of egress
Coal development by 3 x continuous miner units
Coal Processing
250tph single stage dense media separators with teeter bed separator and flotation
70% - 80% yield to produce clean saleable coal
Pasting of fine rejects and co-disposal with coarse rejects
Logistics and Surface Infrastructure
500m to 1,000m rail siding and clean coal stockpile
Marketing
Priority sales to existing UK domestic steel mills (Teesside, Scunthorpe and Port Talbot) and coke plants via existing rail
Remainder sold into European markets via rail and ship loading at Hunterston or Blyth ports

Schedule Update

The initially planned Phase 1b drilling program of four holes was completed on 16 May and coal seam thicknesses announced on 20 May. A further two holes were added to the Phase 1b program with the aim of extending the size of the Indicated Resource defined by the program.

The extended Phase 1b drill program was completed on 2 July. The coal seam thicknesses of the final two holes are expected to be released in July.

A structural interpretation and updated resource estimate is currently being undertaken based on the results of the extended Phase 1b program and the updated resource estimate is expected to be released to the market in July.

Coal analysis results, both raw and clean, for the extended Phase 1b program will be released on receipt of all results from laboratories which is currently scheduled for early August.

The Scoping Study is expected to be completed and released at the end of September.

The revised schedule for completion of the Lochinvar Scoping study is shown in Figure 1 below.

	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
Phase 1b Drilling Program (4 holes)	Completed: 16 May ★							
Extended Phase 1b Drilling Program			Completed: 2 July ★					
Seam Intersection Results of 5th and 6th Hole								
Clean Coal Analysis								
Phase 1b JORC Indicated Resources								
Scoping Study								

Figure 1 Completion Schedule

Competent Persons Statement

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.

APPENDIX A
JORC TABLE 1
CHECKLIST OF ASSESSMENT AND REPORTING CRITERIA

Note – The following refers to the previously calculated Inferred Resource and Exploration Target for the Lochinvar and Lochinvar South leases. Results of the four holes described above have not yet been integrated into the Lochinvar resource model.

Section 1 Sampling Techniques and Data

Criteria	Commentary
<i>Sampling techniques</i>	All coal seams at the Lochinvar Project occur in the subsurface. Sampling was undertaken by ply by ply sampling across whole intersections of target coal seams. Sampling methods on recent holes were conducted with internal work procedures that were consistent with acceptable industry standards. Sampling standards have been revised by NAE in line with best industry practice.
<i>Drilling techniques</i>	Sampling of coal for analysis has been undertaken by use of conventional core drilling in holes 7.8 to 8.8cm diameter (historical holes) and PQ-size core (LOI series).
<i>Drill sample recovery</i>	Linear core recovery is not noted on historical logs, but NCB coal analysis reports describe core recovery reported on a length by volume basis. Core recovery is generally >90% by length.
<i>Logging</i>	Detailed lithological logs are available for recent and historical holes. Standard of logging adequately supports the resource estimate.
<i>Sub-sampling techniques and sample preparation</i>	Whole coal seams were sampled ply by ply and combined into logical composites for washability and clean coal composite tests. Most recent cores have been subsampled by Rotary Sample Divider of crushed core. Core from LOI_001 was subdivided with a circular saw and either half sent to different laboratories. Comparative analysis of core analyses from either half did not conform to reproducibility standards. However, mathematical weighting of the sample results, compared favourable to the Bogra borehole that was twinned by LOI_001. Sub-sampling and preparation techniques of historical holes are not well documented.
<i>Quality of assay data and laboratory tests</i>	<p>Historical coal analysis was undertaken by the NCB. Original copies of coal analysis for the Glenzierfoot, Staffler and Timpanheck boreholes have been located and record proximate analysis, float-sink analysis and numerous clean coal composite tests. Hand-written coal quality data is available for Woodhouselees bore, but most historical analysis data has not been located, or verified. Coal analysis on NAE bores includes ply by ply analysis, float-sink analysis and clean-coal composites. Testing has been carried out mostly at the Environmental Service Group laboratory, whose materials testing is accredited to ISO/IEC 17025:2005.</p> <p>NAE have revised and documented new analytical procedures, which were implemented after LOI_001.</p> <p>Historical geophysical data collection utilised a coal combination sonde with the log suite including caliper, bed resolution density, long space density and gamma ray. Current geophysical data was collected by Robinson Geologging Limited with the log suite including natural gamma (API), caliper (mm), bed resolution density (CPS), high resolution density (CPS), density (gm/cc) and sonic velocity (µs/ft).</p>
<i>Verification of sampling and assaying</i>	Coal seam intersections and the stratigraphy encountered in each borehole have been correlated and verified by various parties, including Palaris and NAE. Since the NCB boreholes intersect considerable depth, they have been used in geological studies of the area and as such, the stratigraphy of boreholes, such as Becklees, is well established.
<i>Location of data points</i>	Survey data for the Lochinvar Project is recorded in the Ordnance Survey National Grid co-ordinate system which is the geographic grid reference used in Great Britain. Collar coordinates for recently drilled boreholes (2013 series) have been surveyed by a registered surveyor; accuracy of historical borehole collars is unknown.
<i>Data spacing and distribution</i>	Borehole data intersecting the coal sequence is in the order of 0.8 to 2.5 km spacing. The seismic lines that have sampled the licence area provide a reasonable coverage of the area and are orientated southwest-northeast and southeast-northwest.

<i>Orientation of data in relation to geological structure</i>	Seismic survey lines and exploration drilling have been used to interpret geological structure in the Lochinvar Project area. Due to the nature of the mineral deposit, sampling has not been materially impacted or biased by these geological structures.
<i>Sample security</i>	No specific sample security measures are in place other than ensuring that the coal analysis laboratory is custodian of coal samples to be tested.
<i>Audits or reviews</i>	No evidence of review or audits of historical data is known to exist. However, each page of some logs of historical boreholes have been verified by someone, presumably by the logger, or a peer. Palaris reviewed the standard operating procedure used for hole LOI_001, and consider them to be in line with industry practice. Conformance with the procedure has not been audited.

Section 2 Reporting of Exploration Results

Criteria	Commentary
<i>Mineral tenement and land tenure status</i>	On the 16 th of July 2012, NAE were granted Coal Exploration Licence CA11/EXP/0515/N by the Coal Authority. The agreement allows NAE to conduct coal exploration activities in the Lochinvar Coal Project area for a period of five years. The exploration tenement covers an area of 6,752 ha and is wholly leased to NAE. Subsequent to the Coal Exploration Licence associated Underground Conditional Licence CA11/UND/0176/N has been issued to NAE.
<i>Exploration done by other parties</i>	The Lochinvar Project area has been explored for coal, oil and gas since the mid-1950s. Available data from historical exploration has been utilised in combination with current data in the assessment of the tenement. Nine seismic lines totalling 64.15km have been collected over the Lochinvar Project area. The seismic data is a mix of dynamite sourced seismic lines acquired by British Coal between 1980 and 1983, and Vibroseis data collected by Lennox Oil Company between 1986 and 1987. The NAE licence area is overlapped by PEDL159 currently held by Dart Energy. The previous tenement holder, Greenpark Energy, drilled several wells in the PEDL that also were located within the Lochinvar Project area. These wells included wells that twinned the Broadmeadows and Becklees bores. In addition, a well drilled in the central part of the licence area (Englishtown 1 and 1z) provides useful evidence for the continuity of coal. Not all data is publicly available from these wells.
<i>Geology</i>	The Canonbie Coalfield is located at the north-eastern end of the Solway Basin where NAE hold their exploration title. This basin complex contains Carboniferous-age deposits with a thickness of up to 8,000 metres. The target coal seams of the Lochinvar Coal Project occur in the Middle Coal Measures of the Upper Carboniferous Pennine Coal Measures. In the Canonbie Coalfield, the Solway Syncline is bounded in the north and east by faults, and to the south and west, by unconformity and poor development of coal seams. The Pennine Coal Measures are exposed at the surface to the north-east of the Lochinvar Coal Project, where they have been historically mined, and dip beneath the unconformable Permian-Triassic New Red Sandstone sediments (St Bees and Eden Shales Formations) to the south-west. Precise limits of the Canonbie Coalfield are poorly understood as the coalfield is concealed by the Permian-Triassic sediments.
<i>Drill hole Information</i>	Boreholes utilised in the reporting of exploration results were drilled during the two exploration phases of the NCB (1950's, 1980's) and the recent drilling by NAE (2013). Appendix A lists the borehole intersections of seams in the Middle Pennine Coal Measures.
<i>Data aggregation methods</i>	Weight averaging techniques for data aggregation was done by weighing of quality parameters by length by density; whereas density was weighted by length.
<i>Relationship between mineralisation widths and intercept lengths</i>	Boreholes have been drilled vertically to intercept coal seams. Dip has been recorded on drill logs. The geological model takes into account the top and bottom intercepts of seams in the model and can be interrogated to provide true thickness. Boreholes entered into the geological model have not been corrected for deviation, as only very basic deviation data has been collected.
<i>Diagrams</i>	Table of intercepts are provided in Appendix A. Isopach and resource maps are provided in the full resource report for Lochinvar.
<i>Balanced reporting</i>	Average thickness of seams intersected in the main target seams intersected in boreholes are listed below:- ♦ Six Foot seam: 1.56m

	<ul style="list-style-type: none"> ◆ Nine Foot Upper Split 1 (NFU1): 0.52m ◆ Nine Foot Upper Split 2 (NFU2): 0.43m ◆ Nine Foot Lower: 1.69m ◆ Nine Foot seam (northern area, where unsplit): >2.4m ◆ Five Foot seam 1.11m
<i>Other substantive exploration data</i>	No other substantive exploration work has been undertaken in the coalfield.
<i>Further work</i>	NAE are conducting further drilling using improved drilling techniques to better define the coal resource and collect the necessary data to improve the status of the resource.

Section 3 Estimation and Reporting of Mineral Resources

Criteria	Commentary
<i>Database integrity</i>	<p>The data for this project resides in several formats and includes the softcopy records of original logs, laboratory reports and geophysical logs. Additionally, LAS files for geophysical data have been recovered from the BGS.</p> <p>Seam interval data has been loaded into, and a geological model developed using Ventryx Stratmodel software (Minescape suite). The seam picks are maintained within the geological model (Minescape software), currently by the Competent Person.</p>
<i>Site visits</i>	The Competent Person has not visited the Lochinvar Coal Project but has been involved with the design of the drilling program, analytical testing procedures and interpretation of geological data.
<i>Geological interpretation</i>	<p>The stratigraphy of the Middle Pennine Coal Measures has been the topic of various studies that have utilised the data from historical boreholes to derive their conclusions. The continuity of coal seams is evidenced by their reflections in seismic surveys covering the area and the intersections in boreholes. Coal seams form reasonable marker bands in the sequence, but stratigraphic location is also aided by the presence of marine bands, such as the Cambriense (Riddings) Marine Band, which identifies the top of the Middle Coal Measures, and the Queenslie Marine Band, which marks the base of this sequence.</p> <p>The naming conventions used in the geological interpretation are fairly simple and for the most part, whole seams have been identified and not broken into named ply units. Splitting occurs in the Nine Foot seam and has been recognised through correlation using lithological characteristics, stratigraphic position and geophysical logs.</p> <p>Stratigraphy detail has now been documented by NAE in an internal document produced by NAE staff (<i>Study of sedimentary units within the Lochinvar Project Licence</i>), which has aided in the understanding of the geology of the area.</p>
<i>Dimensions</i>	<p>The NAE licence area covers a total area of 6,752 ha. Of that area, 4,946 ha are potentially coal-bearing (this is the area underlain by the basin) and represents 73% of the total area. For coal seams considered to have resource potential in this estimate, a 1,000m depth of cover limit coincides with the interpreted location of a fault that trends SW-NE near the Becklees bore (Becklees Fault). The area located up-dip of Becklees Fault amounts to 3,305 ha or 67% of the potentially coal-bearing area.</p> <p>The target coal seams are tabular bodies that are dipping at 5 to 10 degrees, generally south-eastwards. The modelled thicknesses are in part impacted by the faulting included in the model and a large area of extrapolation at depth (southeast of Becklees). Other seams which are not included in the Resource estimate, such as the Seven Foot seam, are represented by fewer data points.</p>
<i>Estimation and modelling techniques</i>	<p>A geological model was constructed in Stratmodel, the modelling package within the Ventryx Minescape suite of software. The model consists of upper and lower bounding surfaces of prospective coal seams, and the unconformable and conformable surfaces represented in the sequence. Sixteen faults have been incorporated into the model.</p> <p>Boreholes and seismic data (largely used for fault interpretation) were included in the seam modelling. The interpolators used in the geological model were FEM for thickness and trending, and PLANAR for surfaces; these interpolators are proprietary estimators of the Minescape software.</p>
<i>Moisture</i>	Total moisture tests have been undertaken only on the more recent data collected by NAE. Historical data shows that air-dried moisture content is between 2-3% (ad). The total moisture content of the coal is 6% (ar) in LOI_001. <i>In situ</i> moisture estimate of 5% (ar) was used in this analysis, and was determined by examining the relativity of the air-dried and total moisture in the absence of more definitive tests.

<i>Cut-off parameters</i>	A minimum mineable thickness of 1.2 metres was applied in determining limits of Coal resources within the tenement. This limit is considered to be a practical lower height limit for continuous miners to attain in the United Kingdom. In addition to this thickness limit, a depth of cover limit of 1,000 metres was applied to the resource. In this case, this depth of cover limit largely coincides with the large SW-NE fault that passes close to the Becklees borehole. Down-dip of this fault, sections of coal are located that meet the criteria >1.2 m thick and <1000m depth of cover, but these smaller blocks of coal have been excluded from the coal on the basis of their accessibility.
<i>Mining factors or assumptions</i>	The author assumes that this coal will be mined by underground methods, with the coal resource accessed via a drift.
<i>Metallurgical factors or assumptions</i>	No metallurgical factors have been considered to limit the resource. Washing of the coal in a coal handling and preparation plant will enable removal of dilution and an improvement on the saleability of the product.
<i>Environmental factors or assumptions</i>	Reject materials from processing this coal will be higher in sulphur content than the product coal. The potential environmental impacts of higher sulphur rejects or tailings materials has not been taken into account in this analysis, as the project is at a very early stage. However, consideration of a potential middlings product, derived as a secondary product, has been considered in coal analysis of LOI-001 as an option to potential maximise coal utilisation and minimise waste disposal.
<i>Bulk density</i>	<p>Average relative densities for each seam were determined for use in Resource estimation and determination of Exploration targets. The densities used in this estimate were adjusted to <i>in situ</i> moisture basis, which in the case of Lochinvar deposits was judged to be 5% (ar) by the author. This estimate of <i>in situ</i> moisture content is based on an examination of the relativity of air-dried and total moisture analysis undertaken on Lochinvar samples. This method was used in the absence of any near direct measures of bed moisture, such as equilibrium moisture or moisture holding capacity tests.</p> <p>The air-dried densities were then adjusted using the Preston and Sanders equation. The volume of coal determined for each classification was multiplied by the average <i>in situ</i> density to determine mass. When additional exploration drilling and analysis is completed, spatially modelled densities will be used for future estimates.</p>
<i>Classification</i>	<p>Geological filters were applied to coal seams in the Lochinvar Project area to define which seams were above a minimum mining thickness of 1.2m. A maximum depth of cover of 1,000m was applied to the coal to delineate potential coal resource or exploration target.</p> <p>Polygons of influence of a radius of 1,500 metres were generated around valid points of observation for both the Six Foot and Nine Foot seams, and resultant polygonal shape rationalised to the basin limit and the limits as defined in the first step.</p> <p>Coal within these polygons were classified as Inferred Coal Resources, and areas defining coal outside of the polygons, but meeting thickness and depth criteria, were included as "Exploration Target". Additional Exploration Target was identified in the Five Foot seam.</p>
<i>Audits or reviews</i>	Technical reviews of the estimates have been undertaken with NAE staff during the process of deriving at these numbers. No external reviews or audits have been undertaken
<i>Discussion of relative accuracy/confidence</i>	<p>The relative accuracy of this estimate has not been quantified. A number of factors that affect the estimate include:</p> <ul style="list-style-type: none"> ◆ the structural complexity of the deposit, and the moderate possibility of additional structures that have not yet been identified by seismic or drilling; ◆ the location of the split line in the Nine Foot seam ◆ the absence of the Six Foot seams in some holes has not been modelled as being faulted out, and further work needs to be done to establish if this is the case, ◆ further test work is required to determine the bed moisture content ◆ further test work is required to determine the relative density of the coal, and substantiate previous determinations

Table A.1 List of seam intercepts (all depths in metres)

Bore	Code	6F	9FU	9FL	9F	3F	5F	BT	7F
BECKHALL	From	246.40	262.38	263.61		267.80	278.03	316.54	
	To	248.00	263.33	265.32		268.10	278.65	317.63	
	thick	1.60	0.95	1.71		0.30	0.62	1.09	
BECKLEES	From	1,115.06	1,126.54	1,147.54		1,154.57	1,168.29	1,175.80	1,183.49
	To	1,116.68	1,126.92	1,149.62		1,155.25	1,169.78	1,176.35	1,183.64
	Thick	1.62	0.38	2.08		0.68	1.49	0.55	0.15
BOGRA	From	293.21	309.41	310.34		315.32	328.01	338.30	345.14
	To	295.25	309.88	312.90		315.74	328.89	339.24	345.65
	Thick	2.04	0.47	2.56	-	0.42	0.88	0.94	0.51
BROADMEADOWS	From	580.77			602.79	608.70	623.76	636.65	641.32
	To	582.90			606.16	609.45	625.03	637.86	642.10
	Thick	2.13	-	-	3.37	0.75	1.27	1.21	0.78
CROOKHOLMFARM	From	427.02			448.54	453.68	465.23	472.41	491.79
	To	428.50			453.00	454.37	466.43	473.26	493.19
	Thick								
EVERTOWN	From	496.65			514.46	523.36	543.21	551.31	557.44
	To	498.50			517.33	523.77	544.62	552.27	558.55
	Thick	1.85	-	-	2.87	0.41	1.41	0.96	1.11
GLENZIERFOOT	From		793.61	806.44		811.80	822.00	830.61	839.32
	To		794.49	808.90		811.96	823.40	831.25	839.52
	Thick		0.88	2.46		0.16	1.40	0.64	0.20
KNOTTYHOLM	From	445.31			470.41				
	To	446.84			474.12				
		1.53			3.71				
LOI_001	From	295.02	311.64	312.51		317.46			
	To	296.80	312.24	315.05		317.58			
	Thick	1.78	0.60	2.54		0.12			
LOI_004	From	313.23			321.98	327.68	340.73	349.21	357.44
	To	313.77			323.89	328.01	341.59	349.79	357.82
	Thick	0.54	-	-	1.91	0.33	0.86	0.58	0.38
LOI_005	From	318.22			326.49	331.45	344.33	352.82	359.25
	To	318.84			327.91	331.97	345.16	353.60	359.59
	Thick	0.62			1.42	0.52	0.83	0.78	0.34
ROWANBURNFOOT	From	550.44			573.79		596.95	608.74	618.60

Bore	Code	6F	9FU	9FL	9F	3F	5F	BT	7F
	<i>To</i>	552.75			577.95		598.58	610.21	620.17
		2.31			4.16		1.63	1.47	1.57
STAFFLER	<i>From</i>	524.63	535.90	549.74		555.19	569.34	577.74	588.17
	<i>To</i>	525.75	536.50	551.25		555.64	570.86	578.74	589.37
	<i>Thickness</i>	1.12	0.60	1.51	-	0.45	1.52	1.00	1.20
TIMPANHECK	<i>From</i>		402.72	404.15				438.47	444.40
	<i>To</i>		403.19	405.72				439.24	444.50
			0.47	1.57				0.77	0.10
WOODHOUSELEES	<i>From</i>	901.36	906.25						
	<i>To</i>	902.21	907.47						
	<i>Thick</i>	0.85	1.22						