

NAE MD UPDATE 1 SEPTEMBER 2014

Welcome to the second NAE Update following the “Lochinvar Resource Upgrade and Product Quality” announcement made on Friday, 29 August.

The highlight of Friday’s announcement is the upgrade of 44% of the Lochinvar resource from Inferred to Indicated status (49 Mt Indicated Resource defined of 111 Mt total resource). This resource upgrade is a significant improvement in the level of confidence in the resource and forms an important foundation for the Scoping Study.

A further Exploration Target of 31 - 64 Mt has also been identified which is in addition to the 111 Mt resource.

The resource upgrade is based on the Phase 1b drilling results and a revised structural interpretation and geological model undertaken by Palaris Mining, our principal technical consultant for the Lochinvar Scoping Study.

Also included in Friday’s announcement are the coal quality results from the Phase 1b drilling program which, along with previous drilling results, have been used to provide an indicative Lochinvar Coal product quality. These results demonstrate that Lochinvar is expected to produce a high volatile, low ash coking coal at high yields (75%) which we believe will be attractive to UK and European steel mills.

The NAE team and our consultants are busy working toward completion of the Lochinvar Scoping Study which is expected to be released by the end of October. The current status on key components of the Scoping Study are as follows:

- Revised structural interpretation and geological model - completed
- Indicated Resource upgrade - completed
- Mine design – preliminary mine designs are currently being updated based on the revised structural interpretation. This contains an increase in density of faulting and options are being assessed to minimise any impact on production
- Wash plant – flow sheet and wash plant design largely completed, to be updated with final production estimates from mine design
- Surface Infrastructure – largely completed
- Rail and port studies – draft study reports received
- Environmental studies – largely completed
- Coal specification and marketing study – coal specification completed and in house marketing study progressing
- Economic evaluation – preliminary economic evaluation completed with positive results. Production, capital and operating cost estimates to be updated based on revised mine plan and further reviews
- Peer review – commenced

Already the announcement has received positive media coverage by “Proactive Investors Australia” (<http://www.proactiveinvestors.com.au/companies/news/57244/new-age-exploration-ups-coal-resource-at-lochinvar-57244.html>) and “In-Cumbria” (<http://www.in-cumbria.com/home/survey-results-could-mean-cumbrian-coal-revival-1.1158740>).