



Lochinvar Coking Coal Project

2017/18 Exploration Program

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New Age Exploration Limited (ASX:NAE) has recently commenced pre-drilling work for the Lochinvar Exploration Program, with drilling planned to be commenced on-site in CY 2017 Q4. The planned exploration program has the potential to increase the value of the Lochinvar project by increasing the resource base and by identifying shallower coal nearer to the railway reducing project capital costs and shortening the development timeframe to first coal production.

Objectives

The planned 2017/18 Lochinvar Exploration Program will focus on drilling exploration targets to the west and to the south of the currently defined resource area as shown in Figure 1. Preliminary interpretation of historic seismic lines has identified the potential for shallow coal in these two target areas, both of which are also nearer to the railway than the current resource area.

The planned 2017/18 Lochinvar Exploration Program objectives include:

- Extending the size of the Lochinvar resource (31-64Mt additional Exploration Target¹)
- Reducing capital costs for project development due to:
 - (a) Shallower coal being identified that could enable the length of the drift (currently 1.7km long and US\$42M of the total project capex) to be reduced, reaching first coal at a shallower depth
 - (b) Coal being identified much nearer to the railway line that could enable the 7km rail spur to be shortened
 - (c) Potential for reducing the timeframe to first production with shallower coal due to a potentially shorter construction period
- Better establishing the preferred location for the drift entrance, coal handling and processing plant and surface infrastructure which will form the basis of the next stage of exploration and studies for the project (Pre-Feasibility Study).

¹ **Cautionary Note:** Exploration targets are conceptual in nature and there has been insufficient exploration to determine a mineral resource and it is uncertain if further exploration will result in the determination of a mineral resource over the Exploration Target

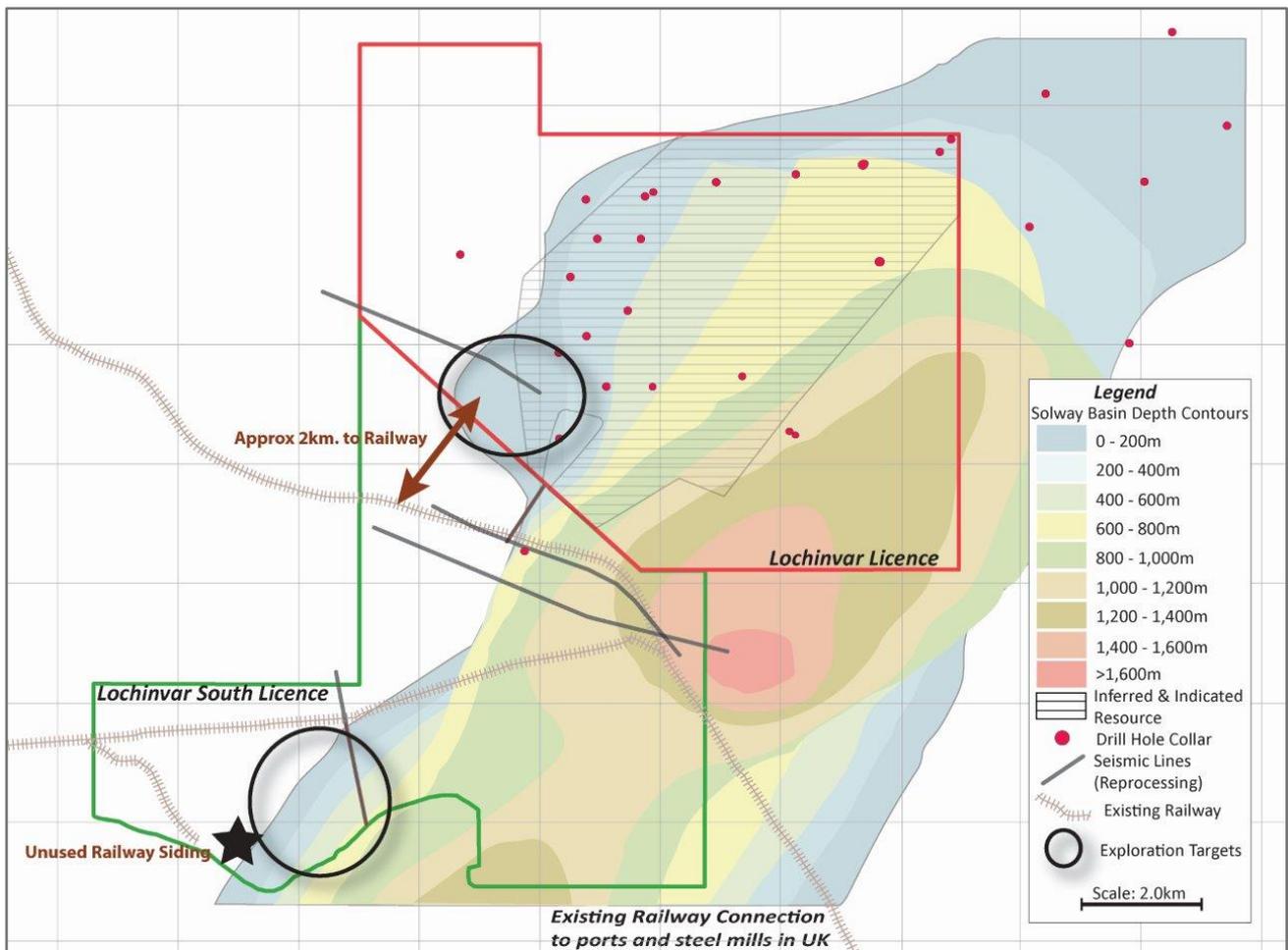


Figure 1 – Lochinvar West and South Exploration Targets (note – contours are to the base of the Permian sediments in the Solway Basin. The Nine Foot Seams is higher in the sequence and shallower than depths indicated on above contours)

Work Program

Pre-drilling work for the planned 2017/18 Lochinvar Exploration Program has recently commenced, including;

- Identification of the Western and Southern priority exploration target areas which have the potential to create the largest potential improvements in project value
- Acquisition, re-processing and interpretation of selected additional historic seismic lines over these target area to assist in drill targeting (see Figure 1).

A review will then be made of whether any new seismic lines are necessary to a drillhole targeting or whether to proceed directly with drilling. Provision for 12km of new seismic lines is included in the budget.

A drilling program of 4-7 holes is then planned. A number of activities are required to be completed prior to the commencement of drilling that are expected to take 4-5 months to complete. These include; drilling land access agreements, environmental and council permitting, establishment of an exploration team on site, putting a drilling contract in place and mobilisation of the drilling contractor.

Budget and Funding

The planned 2017/18 Lochinvar Exploration Program has a budget of ~A\$1.2M which the Company expects to fund via the recently completed Placement (A\$309K), the Share Purchase Plan announced last week (A\$850K), and from available cash.

Subject to sufficient funds being raised by the SPP, the company expects to commence drilling on site in CY 2017 Q4 and to complete the program in the first half of CY 2018.

Strategic partner discussions are also being actively progressed in parallel with the aim of securing additional funding necessary to advance the Lochinvar Coking Coal Project to the commencement of production.

Lochinvar Project Summary

NAE is committed to the development of its 100% owned Lochinvar Coking Coal Project in the UK. The project has an 111Mt Indicated and Inferred Resource (49Mt Indicated and 62Mt Inferred)²³ and is ideally located to supply the UK and European steel industry. Lochinvar benefits from immediate access to existing rail and port infrastructure and has the advantage of being able to supply coking coal to European customers with short delivery times, less risk of supply disruption and reduced transport costs.

The recently completed Scoping Study Update had shown Lochinvar has lowest quartile operating costs (US\$58/t) and an NPV of US\$410M, IRR of 27% and a 4 year payback period based on a long term hard coking coal benchmark price of US\$160/t (+/-40% accuracy). Sensitivity analysis has shown that the project is robust to changes in commodity prices (break even HCC Benchmark price of US\$100/t) and other key assumptions.

² NAE Announcement – Resource Upgrade and Coal Quality Announcement, 29 August 2014

³ The Company Confirms that it is not aware of any new information or data that materially affects the information included in this document and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

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 the Principal Geologist at 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.

Exploration Target: The potential quantity and quality of the exploration targets identified in this presentation are conceptual in nature, and there has been insufficient exploration to date to define a mineral resource in accordance with the Australian Code for Reporting of Mineral Resources and Ore Reserves published by the Joint Ore Reserve Committee ("JORC Code"). Furthermore, it is uncertain if further exploration at its exploration targets will result in the determination of a mineral resource.

FORWARD LOOKING STATEMENTS

This announcement contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of past and present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this announcement, are expected to take place.

Forward looking statements are not factual but rather represent 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. Forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its Directors and management.

Although the Company believes that the expectations reflected in the forward looking statements included in this announcement are reasonable, none of the Company, its Directors or officers, or any person named in this announcement, can give, or gives, any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur or that the assumptions on which those statements are based will prove to be correct or exhaustive beyond the date of its making. Investors are cautioned not to place undue reliance on these forward-looking statements.

The forward looking statements contained in this announcement are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. Key risk factors are described on pages 22 and 23.