

LOCHINVAR COKING COAL PROJECT

Exploration Target

- 330 Mt – 410 Mt high volatile coking coal
- 13 historic drill holes and 100km of seismic lines

Drilling Program

- Phase 1a drill program underway - 6 drill holes to define JORC Inferred Resource on Western side of the deposit

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 initial community engagement



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Countries of Focus

UK

Colombia

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LOCHINVAR COKING COAL PROJECT

LOI-001 Raw Coal Analysis

- Raw coal analysis from first Lochinvar borehole (LOI-001) demonstrates that Lochinvar coals are high-volatile bituminous coals with good coking properties. The coals have low ash content and high calorific values, and demonstrate the potential to provide semi-hard coking coal

- Key results for the lower section (1.92m coal) of the Nine Foot seam:

Inherent Moisture (%)	Ash (%)	Sulphur (%)	Volatile Matter (%)	Gray King	Gross Cal. Value (Kcal/kg)	CSN	Vitrinite (%)
2.8	8.3	1.76	33.7	G6 – G7	7,431	7.0	60

- LOI-001 raw coal analysis is within the range of historic analysis results from the National Coal Board drilling
- Washability tests, Vitrinite Reflectance and Fluidity tests are still to be completed by laboratories
- Beneficiation of the coal is likely to result in significant improvements in the coking coal product

NAE Managing Director, Gary Fietz commented: “The raw coal analysis from our first hole at Lochinvar provides a great start to the drilling program with a successful twin of the historic drill hole and the raw coal analysis confirming strong coking characteristics of the coal.

Whilst further tests are currently being conducted, these initial results provide NAE with further confidence of the strong quality coal contained within Lochinvar and we look forward to updating shareholders as we progress further into our initial exploration program.”

Drill Hole LOI-001 Raw Coal Analysis

New Age Exploration Limited (“NAE” or “the Company”) has completed the analysis of the raw coal from both the Nine Foot and Six Foot seams in borehole LOI-001 at Lochinvar.

Samples were prepared and analysed by Alfred H Knight and Environmental Scientifics Group (“ESG”), both based in the United Kingdom. Cross check analysis between the two laboratories were performed to confirm the analytical work and the details included as part of this report are a mass weighted average of the two set of results.

Composited raw analysis results are presented below for the Six Foot seam, the Nine Foot seam (lower section only) and the entire Nine Foot seam with the sample intervals described in Table 1 and shown in Figure 1. Composited raw analysis results are presented in Table 2 and exclude mudstone bands within the Six Foot and Nine Foot seams. Full raw coal ply analysis results are included in Appendix 1.

The full section of the Nine Foot seam measures 3.41m. Within this section are two prominent mudstone bands measuring 0.6m total thickness and interspersed between two coal sections at the top of the seam. Below the mudstone bands lies a 1.92m section of uninterrupted coal. Table 2 includes raw coal analysis results for both the lower 1.92m section and the entire 3.41m width of the Nine Foot seam.

Table 1 Composited Sample Intervals (excluding mudstone bands)

	From (m)	To (m)	Interval (m)	Coal Thickness (m)
Six Foot seam	295.02	296.80	1.78	1.66
Nine Foot seam (lower section only)	313.13	315.05	1.92	1.92
Nine Foot seam (entire seam)	311.64	315.05	3.41	2.81 ¹

Table 2 LOI-001 Composited Raw Coal Analysis (calculated and excluding mudstone bands) – Air Dried Basis

	Inherent Moisture (%)	Ash (%)	Sulphur (%)	Volatile Matter (%)	Gray King	CSN	Vitrinite (%)
Six Foot seam	2.6	9.0	3.08	33.7	G6 – G7	6.5	63
Nine Foot seam (lower section only)	2.8	8.3	1.76	33.7	G6 – G7	7.0	60
Nine Foot seam (entire seam)	2.7	10.3	2.05	33.4	G6 – G7	6.5	50

¹ 4cm of coal interbedded in the upper mudstone was not sampled as coal, but included in the mudstone samples.

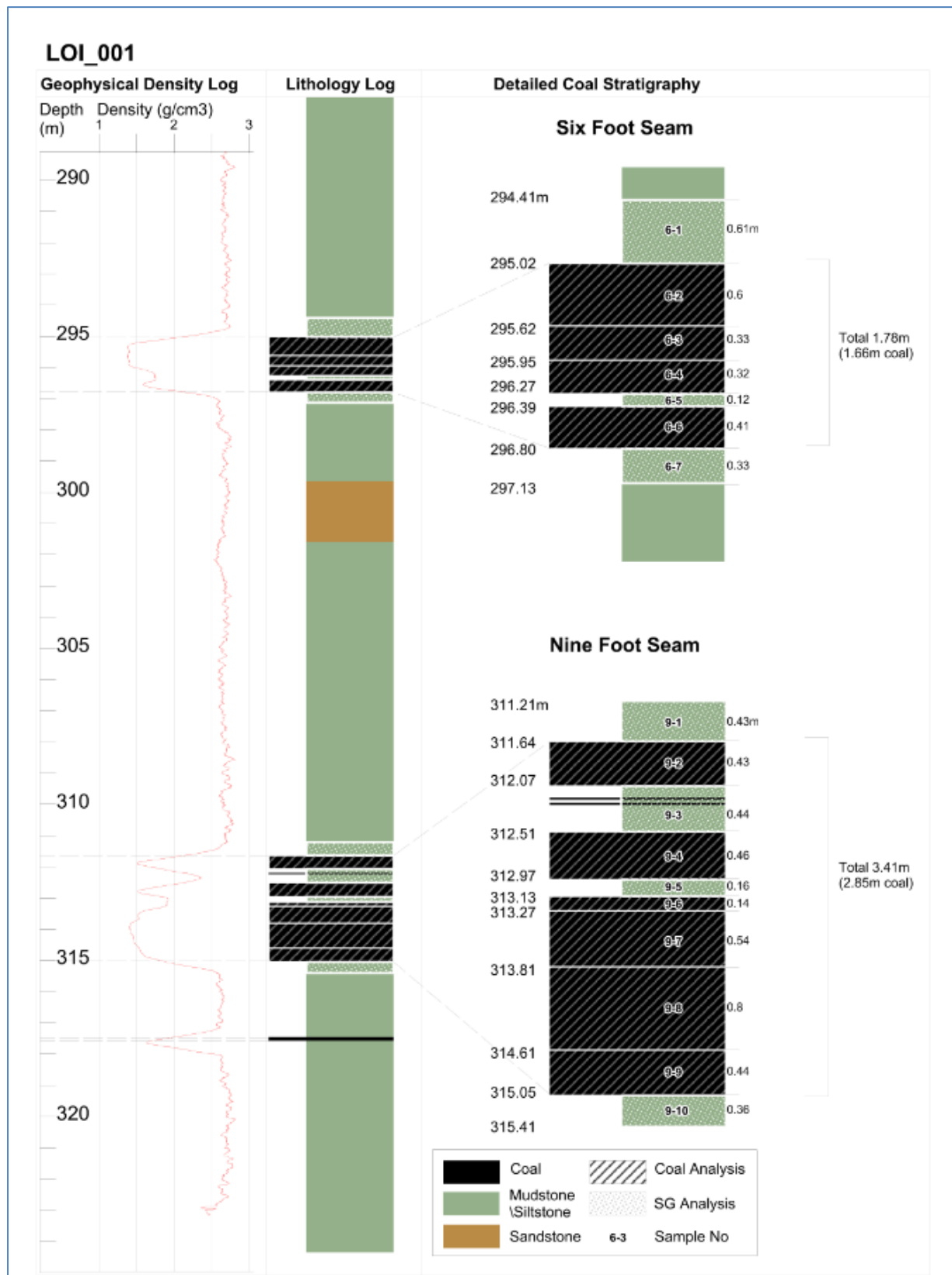


Figure 1 Lithology and Ply Sample Details

The analysis from LOI-001 demonstrates that Lochinvar coals to be high-volatile bituminous coals with good coking properties. Raw coal properties suggest the coal can be classified as high-volatile bituminous coals A, under ASTM D121, with likely reflectance in the range of 0.8 – 0.9 (Romax). The coals have low ash content and high calorific values, and demonstrate the potential to provide semi-hard coking coal. The chlorine and sulphur contents are moderately high however the phosphorus levels are low.

While coking coal tests have only been undertaken on raw coal samples from this hole to date, the coking properties of the coal are considered good. Analysis supporting this statement for both the Six Foot and Nine Foot seams includes:

- Crucible Swelling Numbers demonstrate moderate swells in the range of 6 to 7.5
- Gray-King Coke Types of G6-G7
- Total reactive maceral content of the seams (Vitrinite plus Liptinite) is moderate (66-68%), with sufficient Inertinite content (19-16%) to provide coke strength
- Gross calorific value is high at >7000 kcal/kg (air dried)
- NCB Coal Rank of 501 – 502

Expected Clean Coal Quality

Considering that the properties of the coal tested to date are for raw coal samples, beneficiation (washing) of the coal is likely to result in significant improvements in the coking coal product. These will include reduction in sulphur content to values potentially < 1% (air dried), increased swell, and product ash contents <10%.

Analysis of the forms of sulphur indicates that levels of Pyritic Sulphur are between 57% and 85% of total sulphur levels. Given the relatively high Pyritic sulphur content, it is likely that sulphur can be reduced to market acceptable levels by crushing and washing at low specific gravities.

Washability tests are currently being undertaken on the LOI-001 samples. Additionally, fluidity and Vitrinite reflectance analysis are currently being undertaken and these results will be released when finalised.

Comparison to Australian Coking Coals

Comparison of the properties of the Six Foot and Nine Foot seams to those of Australian coking coal demonstrate where these coal lie in relation to hard coking, semi-hard to semi-soft and PCI coal. Figures 2 through 4 illustrate that the raw coal properties of the Six Foot and Nine Foot seams lie within a domain similar to that occupied by semi-soft to semi-hard coking coal. Certain hard coking coal in Central Queensland is marketed with moderate volatile contents similar to those of the Six Foot and Nine Foot seams. Analysis of clean coal composites of these seams will yield better characterisation data when complete.

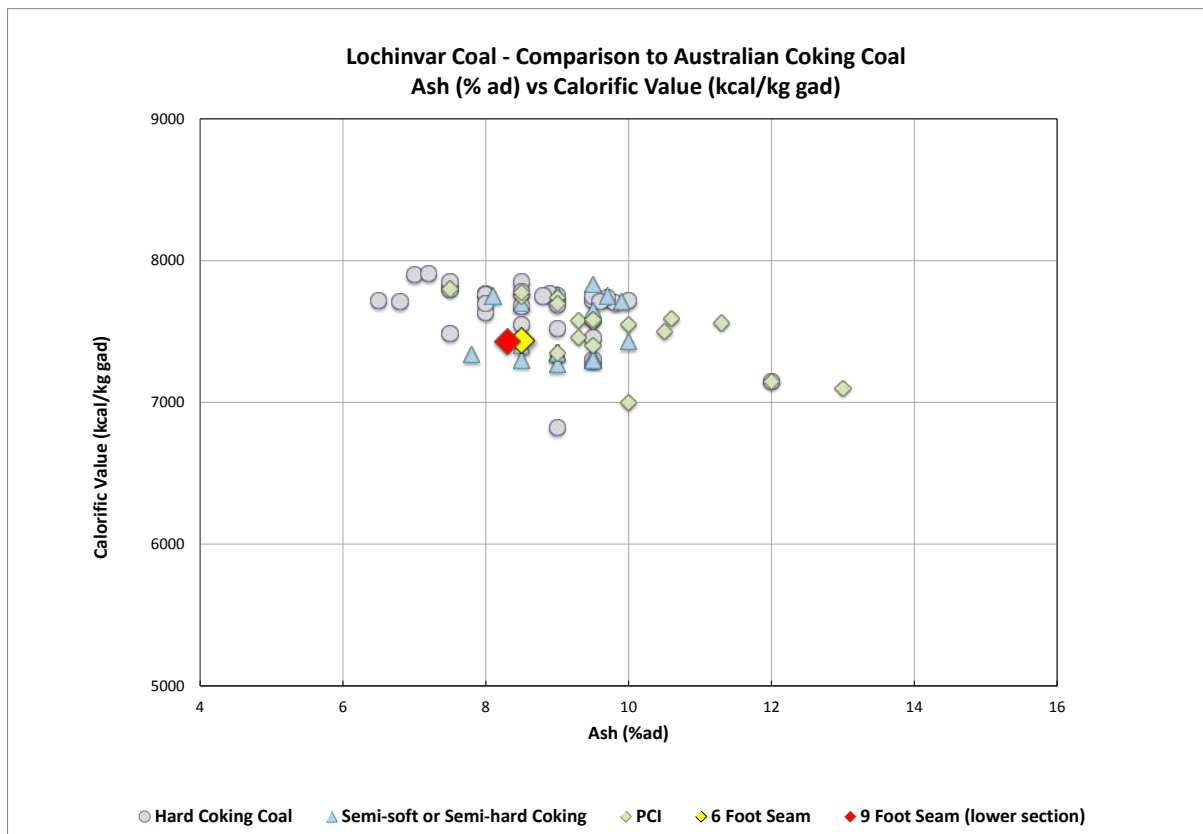


Figure 2 Plot of Six Foot and Nine Foot seams on ash vs. calorific value of Australian coking coals

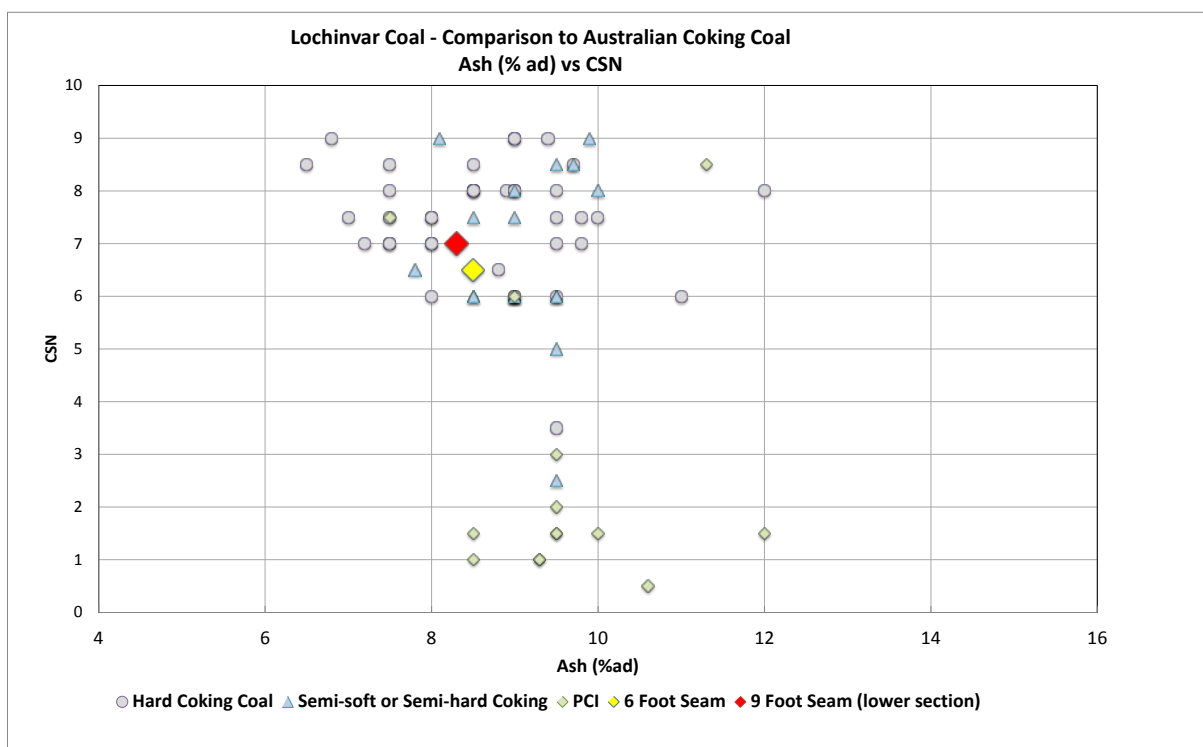


Figure 3 Plot of Six Foot and Nine Foot seams on ash vs. Crucible Swelling Number of Australian coking coals

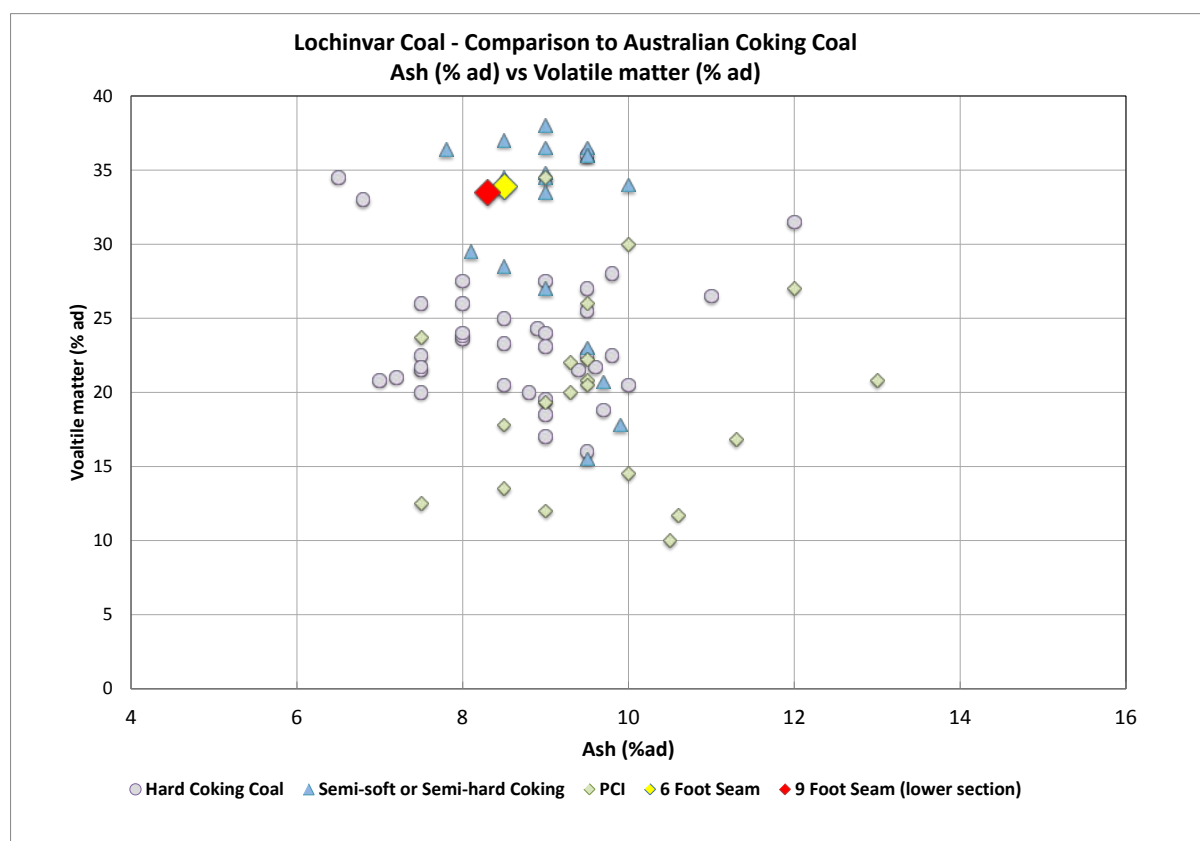


Figure 4 Plot of Six Foot and Nine Foot seams on ash vs. volatile matter of Australian coking coals

Previous Test work

Raw coal analysis results from both the Six Foot seam and the Nine Foot seam in LOI-001 correlate well with historic National Coal Board (“NCB”) analysis results undertaken in the 1980’s within the Lochinvar licence, including the NCB Bogra borehole which the LOI-001 hole twinned. These results can be seen in Table 3.

Table 3 Comparison of NCB Historic Raw Coal Analysis with LOI-001 Analysis (Air Dried Basis)

	Inherent Moisture (%)	Ash (%)	Sulphur (%)	Volatile Matter (%)	CSN	NCB Rank
NCB Raw Coal Analysis						
NCB Nine Foot Seam - Range	1.2 – 3.8	6.0 – 12.0	1.7 – 2.4	28 – 38	5 – 8	300 – 600
NCB Nine Foot Seam - Average	2.7	8.5	2.0	34	7.5	501
NCB Bogra Borehole Nine Foot Seam (entire seam)	3.8	5.7	n/a	36	n/a	502
NAE Raw Coal Analysis: LOI-001						
Nine Foot Seam (lower section only)	2.8	8.3	1.76	33.7	7.0	501-502
Nine Foot Seam (entire seam)	2.7	10.3	2.05	33.4	6.5	501-502

Lochinvar Background

NAE has been granted an exploration licence and conditional underground mining licence (excluding rights to coal seam gas) over the Lochinvar Project covering 67.5km² (6,752 hectares) by the UK Coal Authority. The Lochinvar Project is located 21km north of Carlisle and 120km southeast of Glasgow. NAE obtained the licence over Lochinvar for only the cost of the Coal Authority's standard application fee of £12,500. The Company holds a 100% interest in the licence and there are no vendor payments. The licence is conditional on granting of necessary planning consents prior to commencement of production.

The Canonbie coalfield, of which Lochinvar forms the western part, was discovered at a time of major upheaval in the UK coal industry, driven by declining coal prices and increasing costs. The NCB announced a decision to close 20 mines in 1984, precipitating the famous miners' strike during 1984-85, which followed a long period of coal industry decline lasting over two decades.

Historic exploration at Lochinvar was commenced in the 1950's by NCB who drilled four boreholes in the Canonbie coalfield. 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, where operations ceased in 1922. In the late 1970's and early 1980's, the NCB drilled a further nine boreholes and shot 55 kilometres of seismic line within the Canonbie coalfield which proved the existence of a large concealed coking coal coalfield.

NAE's consultants, SRK, have reviewed the previous exploration and geology of the Lochinvar Project and have produced the seam contour plan. The key parameters of the Lochinvar deposit include:

- shallow seam dip across most of the deposit of usually between 5° and 15°
- target seams include Nine Foot, Five Foot, Six Foot and Black Top
- Nine Foot seam ranges from 1.5m up to 3.5m thick with average seam thickness of 2.5m and clean coal thickness of 2.0m

SRK's re-evaluation of the historic exploration data confirmed an exploration target of between 330 and 410 million tonnes of potential coking coal in the semi-hard to hard coking coal range.

Coal in the Lochinvar licence can generally be described as a high volatile, high calorific value coal with low ash and modest to high sulphur.

NAE has announced its phased drilling program at Lochinvar, with Phase 1a being composed of six holes and Phase 1b a further nine holes. Both Phase 1a and 1b are focussed on the western region of the licence at depths of less than 600m. Subject to land access, Phase 2 will be focussed on the northern region of the licence at depths of less than 600m. Phase 1a average depth to the Nine Foot seam is 350m. The program is aimed at defining a JORC Inferred Resource and will include: depths of target coal seams, coal quality, washability and coking tests of coal samples from core drilling.

Lochinvar benefits significantly from being located in close proximity to all major infrastructure, with both the major London to Glasgow railway and London to Glasgow motorway within 2km of the licence boundary.

Competent Person's Statement

Information in this document that relates to Exploration Results is based on information compiled by Dr William Hatton (C.Geol – Geological Society of London) who qualifies as a Competent Person, as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Hatton consents to the inclusion in the documents of the matters based on his information in the form and context in which it appears. Dr Hatton is a Principal Coal Geologist with SRK Consulting (UK) Ltd.

The potential quantity and grade of the exploration target is conceptual in nature as there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

The conceptual exploration target estimate above is based mainly upon:

- (a) Detailed British Geological Survey mapping at a 1:10,000 scale.*
- (b) An historic exploration programme set out in the National Coal Board's (NCB) Plan for Coal in 1974.*
- (c) NCB deep drilling and seismic exploration from the late 1970's and early 1980's.*
- (d) A summary paper by Graham Picken in the Scottish Journal of Geology in 1988.*
- (e) A preliminary Vulcan 3-D representation of the concealed coalfield (representing (a) to (d) above) generated by Dr Hatton.*

The project is at an early stage, and so the target tonnages are provisional and relate to coal in-situ, in seams likely to be of workable thickness, but do not include any allowances for mining layout, recovery, support areas or any unforeseen geological losses. The range in tonnage estimate reflects the uncertainty of the seam sections, structural and grade continuity encoded within the Vulcan exploration model.

Appendix 1 Ply by Ply Sample Results

From	To	Thickness (m)	Description	Specific Gravity	Inherent Moisture (%)	Ash (%)	Sulphur (%)	Volatile Matter (%)	Gray King	CSN	Vitrinite (%)	Gross Cal. Value (Kcal/kg)	NCB Rank	Phosp. (%)	Chlorine (%)
Six Foot Seam															
294.41	295.02	0.61	Mudstone	2.48	0.64	90.11	0.16	7.98	A	-	-	213	NA	0.02	0.01
295.02	295.62	0.60	Mainly bright Coal	1.33	3.59	6.69	0.85	32.70	G6	6.5	64	7,600	502	0.01	0.26
295.62	295.95	0.33	Bright Coal	1.33	2.28	6.85	2.08	34.86	G6 - G7	7.5	64	7,648	502	0.02	0.29
295.95	296.27	0.32	Bright Coal(with pyrite)	1.40	1.90	13.14	5.56	33.16	G7	6.5	63	7,050	NA	0.02	0.26
296.27	296.39	0.12	Mudstone	2.38	1.04	76.37	7.72	12.74	A	-	25	1,240	NA	0.01	0.04
296.39	296.80	0.41	Bright and dull Coal	1.37	1.97	10.55	5.00	34.79	G6 - G7	6.0	60	7,250	502	0.07	0.27
296.80	297.13	0.33	Mudstone	2.41	0.97	86.35	0.38	8.23	A	-	-	560	NA	0.01	0.03
Nine foot Seam															
311.21	311.64	0.43	Mudstone	2.52	1.16	90.17	0.18	7.11	A	-	-	288	NA	0.02	0.02
311.64	312.07	0.43	Mainly bright Coal	1.35	2.18	8.72	1.30	34.02	G6	7.0	57	7,442	502	0.01	0.26
312.07	312.51	0.44	Mudstone	2.36	1.21	82.75	0.33	10.06	A	-	-	799	NA	0.01	0.03
312.51	312.97	0.46	Coal	1.47	2.68	18.73	3.70	32.08	G6	5.0	56	6,412	501	0.01	0.23
312.97	313.13	0.16	Mudstone	2.31	1.11	80.81	0.70	11.15	B	-	-	1,110	NA	0.01	0.05
313.13	313.27	0.14	Coal	1.42	1.66	13.49	1.97	33.32	G6 - G7	6.0	63	6,883	501	0.05	0.24
313.27	313.81	0.54	Coal (with Pyrite)	1.37	2.26	10.61	2.45	32.93	G6 - G7	7.0	52	7,227	501	0.03	0.27
313.81	314.61	0.80	Coal (with Pyrite)	1.30	3.55	5.18	1.37	34.29	G6	7.0	59	7,708	502	0.00	0.29
314.61	315.05	0.44	Mainly bright Coal	1.35	2.34	9.51	1.51	33.71	G7	7.0	71	7,351	501	0.01	0.26
315.05	315.41	0.36	Mudstone	2.46	1.06	87.63	0.09	8.18	A	-	-	461	NA	0.01	0.04