

Lochinvar Coking Coal Project Update

HIGHLIGHTS

- **Economic outlook for Lochinvar continues to improve**
- **Geopolitical events increase global demand for metallurgical coal**
- **Excellent location to supply European markets**
- **Independent technical consultants, Palaris Australia, engaged to provide a further update to its initial Scoping Study**

New Age Exploration Limited (ASX:NAE) (**NAE** or the **Company**) is pleased to provide an update on its Lochinvar metallurgical coal project located on the border of England and Scotland in the United Kingdom. The project consists of three adjacent exploration and conditional underground mining licences known as Lochinvar, Lochinvar North and Lochinvar South. All three licences are 100% owned by NAE.

Economic outlook for Lochinvar continues to improve amid increased demand for metallurgical coal

Since the start of the 2022 calendar year, the economic outlook for NAE's Lochinvar metallurgical coal project has continued to improve. Import bans on Russian coal imposed as a result of its invasion of Ukraine have led to increased global demand and prices for metallurgical coal. Prior to the bans, Russia typically supplied 30% of European Union and UK metallurgical coal needs and, based on provisional data, was the UK's largest source of metallurgical coal in 2021.

NAE is cautiously optimistic that geopolitical events, combined with the UK's recent change in government leadership, will continue to lead to an improved regulatory environment for metallurgical coal projects such as Lochinvar.

New Age Exploration Executive Director, Joshua Wellisch, commented: *"In recent months, NAE has received expressions of interest in the Lochinvar project from a range of potential investors, as the economic outlook for metallurgical coal continues to improve. NAE remains confident that new technologies that may replace metallurgical coal in the steel sector may not come online for many decades. It looks forward to progressing the Lochinvar project to the next stage and to unlocking its value for the Company's shareholders."*

Scoping Study update commissioned

In 2014, NAE commissioned Palaris Australia Pty Ltd (Palaris) to undertake the Scoping Study for the Lochinvar coking coal project. An update to the Scoping Study was subsequently undertaken in 2017 to revise the project operating and capital cost structure as well as the underlying macroeconomic assumptions.

In an environment of elevated metallurgical coal prices and where global demand for metallurgical coal remains strong, NAE are pleased to announce that Palaris has been commissioned to undertake a further update to the Scoping Study. The update will focus on the areas of coal price assumptions, capital and operating cost structure and is expected to take approximately six weeks to complete.

Market and Infrastructure

Lochinvar is ideally located to become a supplier of low cost, high volatile hard metallurgical coal to the European steel industry as a result of:

- Located 7km from the main West Coast Main Line railway – which links directly to UK steel mills and nearby ports to access European market
- Lower labour rates when compared to Australian mining costs
- Excellent UK fiscal regime with low corporate taxes and royalties
- European Metallurgical Coal imports forecast to grow from around 52Mt (2017) to 61Mt (2035)
- European High Volatile Hard Coking Coal (HV HCC) imports forecast to increase from 10.4Mt (2017) to 15.9Mt (2035)
- Lochinvar anticipated 1.4Mtpa annual production per the Scoping Study completed in 2017 would represent ~12% of UK/Europe High Volatile HCC metallurgical coal imports in 2021
- Lochinvar coal enjoys a clear distance and freight cost advantage over competing imported coal and the benefit of regular local deliveries reducing customer inventories.

Metallurgical Coal

Metallurgical coal, as found at Lochinvar, is used in the steel-making process in blast furnaces. It has very different demand dynamics to thermal coal which is used to generate electricity in coal-fired power stations. Global steel production is continuing to grow in-line with global GDP, and is particularly fast growing in the developing world (e.g. India). KPMG forecast global metallurgical coal seaborne trade to grow from 317Mt in 2021 to 335Mt in 2025.

At this stage there are no commercially viable substitutes for metallurgical coal in the blast furnace steel-making process. Metallurgical coal provides three important functions in making steel in blast furnaces; 1) a source of the energy, 2) a reducing agent to convert iron ore to liquid iron and CO₂ and 3) provides the structure and permeability within the furnace to prevent the furnace becoming clogged. Steel is an alloy of iron and carbon, and metallurgical coal also provides the carbon atoms to produce steel.

Metallurgical coal prices recently spiked above US\$500/t due to supply/demand imbalances post the Russian invasion of Ukraine, well above the KPMG long-term forecast of US\$150/t. NAE expects prices to remain elevated for a number of years due to strong demand, ongoing trade imbalances post the Russia/Ukraine war and a lack of investment in new mine capacity over recent years.

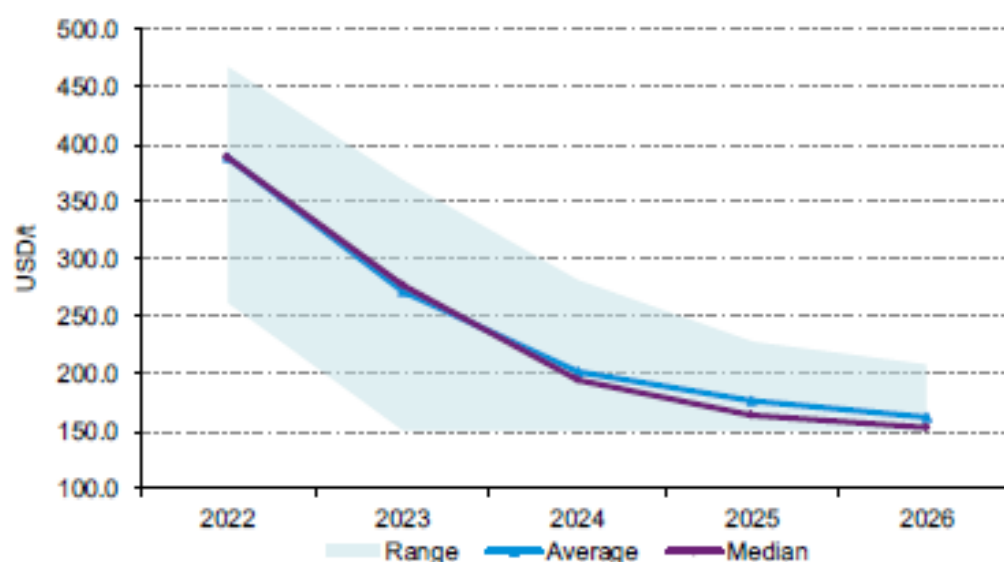


Figure 1: Hard Metallurgical Coal Price Forecasts (KPMG)

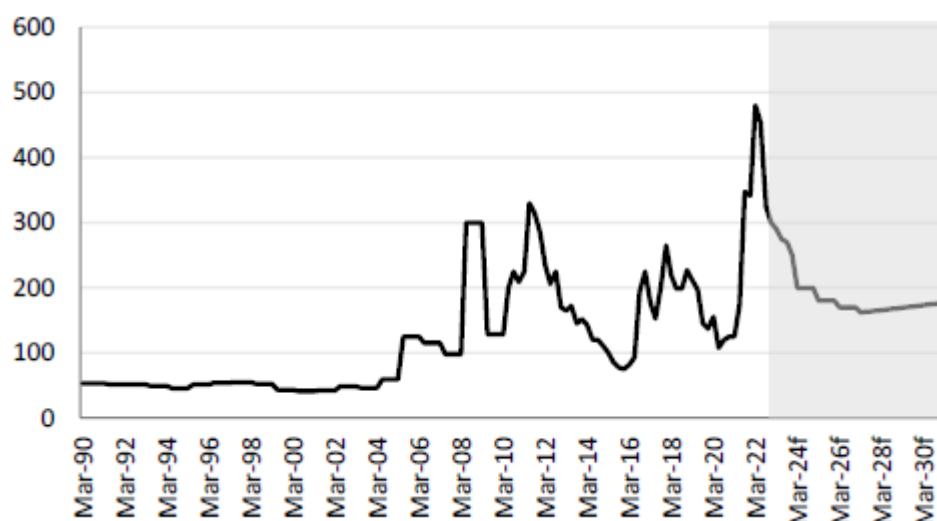


Figure 2: Premium HCC price (US\$/t) (Meta Bulletin and Factset)

Next Steps/Outlook for Project

The following areas will be considered in the Palaris scoping study update:

- Marketing – review coal price relativities and make update where required
- Financial model updates – valuation date, discount rate, macroeconomic assumptions, opex, capex, production split and coal price relative to benchmark(s)

NAE previously reported a nil valuation for its Lochinvar project in its June 2021 Annual Report. In light of the changed geopolitical environment and as the economic outlook continues to improve, it expects to be in a position to revisit that valuation within the next six to nine months.

-ENDS-

Authorised for release by the Board.

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FORWARD LOOKING STATEMENTS

This report contains “forward-looking information” that is based on the Company’s expectations, estimates and forecasts as of the date on which the statements were made. This forward-looking information includes, among other things, statements with respect to the Company’s business strategy, plans, objectives, performance, outlook, growth, cash flow, earnings per share and shareholder value, projections, targets and expectations, mineral reserves and resources, results of exploration and related expenses, property acquisitions, mine development, mine operations, drilling activity, sampling and other data, grade and recovery levels, future production, capital costs, expenditures for environmental matters, life of mine, completion dates, commodity prices and demand, and currency exchange rates. Generally, this forward-looking information can be identified by the use of forward-looking terminology such as “outlook”, “anticipate”, “project”, “target”, “likely”, “believe”, “estimate”, “expect”, “intend”, “may”, “would”, “could”, “should”, “scheduled”, “will”, “plan”, “forecast” and similar expressions. The forward looking information is not factual but rather represents 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.

COMPETENT PERSON STATEMENT

The original report was “Lochinvar Scoping Study Update” which was issued with the consent of the Competent Person, Dr John Bamberry. The report was released to the ASX on 15 March 2017 and can be located at www2.asx.com.au, search code NAE. The Company is not aware of any new information or data that materially effects the information included in the relevant market announcement and, in the case of Mineral Resources and Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.