



**ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 14 JANUARY 2009**

**CLAIM AGAINST NEWPORT REGARDING FORMER PROJECT**

Newport Mining Limited ("Newport" or "Company") advises that it has received a Writ of Summons (Singapore jurisdiction) from the liquidator of Norwest Holding Pte Ltd (in liquidation) for not completing the acquisition of a phosphate project located in the Sichuan Province of China.

The Writ of Summons claims an amount of S\$5,647,500 from Newport, being the shortfall in the proceeds received from the subsequent sale of the assets to another party and the amount of the offer made by Newport.

The Company has engaged one of Singapore's major law firms to represent it in these proceedings and has now instructed its solicitors to lodge a defence to the claim. Based on advice received to date, the Board firmly believes that the claim will be successfully defended.

As previously announced (21 May 2008), the Company had been in negotiations to acquire a strategic asset located in the Sichuan Province of China and that:

- On 9 May 2008 Newport (for and on behalf of a company to be incorporated in Australia ("SPV")) lodged a bid for the acquisition of the asset.
- On 12 May 2008, Newport was notified that its bid was successful and that a formal Sale and Purchase Agreement is to be negotiated and executed between SPV and the other party. Also on 12 May 2008 media news reported that an earthquake had occurred close to the city of Chengdu within the Sichuan Province of China.
- On 13 May 2008 it became apparent from news reports that the asset was in close proximity to the earthquake and by 15 May 2008 news of damage and casualties from the region was far worse than earlier reported.

The offer was subject to the terms and conditions in the sale and purchase agreement to be negotiated (a condition outlined in the offer and the vendor's Information Memorandum).

On 30 July 2008 the Company announced that due to the extensive damage caused by the earthquake (to the project and surrounding area), the Company would not be continuing with the negotiations and would not acquire the asset.

The Company will make further announcements as the claim progresses.

*Enquiries-*

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