



newera
RESOURCES LIMITED

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ASX Release

17th October 2012

Newera Issues Notice to Continue with its Shanagan East Project.

Newera Resources Limited (ASX: NRU) is pleased to advise that it has executed and presented a Notice to Continue to Geomaster LLC.

The Notice to Continue has been provided under the terms of the Option Agreement over the Shanagan East Project between Geomaster LLC, Newera Resources Mongolia LLC and Newera Resources Limited dated 29th May 2012.

Geomaster LLC has signed an Acknowledgement of Receipt of Notice included within the Notice to Continue.

Summary of the key terms of the Option Agreement:

- Commencement date of the Geomaster LLC (Grantor) and Newera Resources Mongolia LLC (Grantee) and Newera Resources Ltd (Newera) Option Agreement was the 29th of May 2012.
- On execution of the Option Agreement, Newera, through its wholly owned Mongolian registered subsidiary Newera Resources Mongolia LLC, was required to pay Geomaster LLC US\$50,000 as reimbursement of past expenditure on the licence area which has been paid.
- From the commencement date Newera, through Newera Resources Mongolia LLC, has an 18 month option period to potentially acquire an 80% interest in the Licence.
- Following a technical due diligence, which is required to be completed by Newera within 6 months of the commencement date, and on provision at Newera's sole and absolute discretion of a written Notice to Continue to Geomaster LLC confirming that Newera wishes to continue with the Option Agreement, a US\$50,000 Option fee is payable by Newera to Geomaster LLC which has now been paid.
- On exercise of the Option (prior to 28th November 2013) at its sole and absolute discretion, Newera is to pay Geomaster LLC US\$1,000,000.

Following a very successful initial phase of due diligence drilling (still in progress) Newera has opted to issue an early Notice to Continue to Geomaster LLC that it wishes to continue with the Option Agreement.

Newera now has 13 months until 28th November 2013 to determine whether it wishes to take up the Option and acquire an 80% interest in the Geomaster LLC held Licence.

Notably the remaining 13 months of the option period include a complete Mongolian field season – from 1st April 2013 until 28th November 2013.

Due Diligence Drilling Highlights to Date:

- Newera's Mongolian Shanagan East Project drill hole SHDH09R has intersected two significant shallow black coal seams of a field interpreted brightness of C1 to C3¹.
- SHDH09R, located in the southern sector of the tenement, (western flank of the syncline) intersected two main coal seams from 9.8 to - 13.2 metres and, more significantly, from 25.4 – 48.5 metres depth.
- Geological core logging of SHDH09R has determined that there exists a total of 19.45 metres of net coal.
- SHDH11, intersected 8 metres (down hole logged only) of net coal.

Only one sample result from this program has been returned from the laboratory to date, being from earlier drill hole SHDH02. Initial coal quality results from a 1.2 metre seam in SHDH02 shows borderline semi-anthracite coal with CV of 8263 kcal (DAF), 9.86% volatile matter (ARB), 7.47% total moisture / 0.83% inherent moisture, 27.65% ash (ARB), and 84.80% fixed carbon (DAF).

Of eleven holes completed and details received to date, nine holes have intersected Late Permian coal seams and in a majority of holes, multiple coal seams.

Following the drilling of SHD09 which suffered loss of core, a decision was made to extend the drilling program by a further two hundred and fifty metres. SHDH09R (repeat) was subsequently drilled with excellent recovery.

The remaining 200 metres of drilling is being allocated to expanding the coal envelope surrounding SHDH09R.

¹The in-field designation of the coal sample as C1 to C3 is a field estimate by experienced geologists of the brightness of the coal and as such is subjective

C1 is an estimate of greater than 90% brightness, C2 is an estimate of greater than 60% but less than 90% brightness, C3 is an estimate of greater than 40% but less than 60% brightness and C4 is an estimate of greater than 10% but less than 40% brightness.

Background:

The Shanagan Project comprises of one exploration license covering an area of approximately 2,223 hectares in a known coal bearing region, 140km southeast of Ulaanbaatar. The Shanagan Project is ideally located approximately 50km from an existing rail siding that services the nearby Baganuur lignite coal deposit, and connects to the trans-Siberian railway that services China in the South to Russia in the North. The Company is investigating whether access to the line is possible.

Newera's initial interest in the Shanagan project was generated by a single, previously identified and sampled – coal seam, outcropping over several kilometres.



Figure 1: Location of Newera's Shanagan Project.

Early in 2012 Newera contracted a Mongolian based geological consulting group - Nordic Geological Solutions, to undertake a field mapping exercise at 1:10,000 scale over the area of interest within the Shanagan Project boundaries.

The mapping exercise and interpretation were completed and very positive results suggesting up to nine individual coal seams, were presented to Newera.

Newera subsequently entered into a contract with Mongolian based drilling company Best Drilling LLC to undertake a diamond core drilling program of 1,000 metres within the licence.

Newera subsequently announced that its due diligence drilling on the Shanagan East project had intersected in due diligence drill hole SHDH09R, 26m of Black Coal including 19.45 metres of net coal, and in drill hole SHDH11 a total of 8 metres of net coal within a total drill hole depth of 32.5 metres - see Newera announcement dated 4th October 2012.

Newera now looks forward with great interest to receiving the results of the samples currently being processed and analysed by SGS laboratories in Ulaanbaatar. Results are expected to be received in the coming weeks.

Further Information;
Martin Blakeman
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Competent Person Statement

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr Per Michaelsen, Consultant Geologist to Newera Resources Ltd who is a member of the Australasian Institute of Mining and Metallurgy (MAuslMM). Dr Michaelsen has sufficient experience, which is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which he is undertaking to qualify 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 Michaelsen consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.