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Drilling success continues at Newera's Shanagan East Coal Project in Mongolia

Newera Resources Limited (ASX: NRU) is pleased to provide the following update, following the successful completion of its 520 metre, four hole second phase drilling program at the Shanagan East Coal (Shanagan Project) Project in Mongolia.

HIGHLIGHTS

- Drill hole SHDH26 intersects 18.55 metres of net bright black coal between 21.46 metres and 106.58 metres depth at Newera's Shanagan Project.
- Drill hole SHDH27 intersects 18.34 metres of net bright black coal between 3.46 metres and 129.59 metres depth at Newera's Shanagan Project.
- Drill hole SHDH28 intersects 5.77 metres of net bright black coal between 8.19 metres and 77.82 metres depth at Newera's Shanagan Project.
- Further sample material which has been collected from coal intersection intervals in SHDH26, 27 and 28 has now been delivered to SGS Laboratories in Ulaanbaatar, Mongolia for analysis.
- Professor Arvisbaatar of the University of Mongolia, in identifying the coal targets underlying drill holes SHDH25, 26 and 27 has, through the significant net coal intercepts achieved in these three holes, attained a 100% targeting success rate to date.
- The drill hole sites for drill holes SHDH25, 26, 27 and 28 will be rehabilitated to as near to natural conditions as is possible.

Background

Since entering into an option agreement over the Shanagan Project licence in late May 2012, Newera has progressed the project through several phases of exploration including an initial desktop study, field mapping, a phase one drilling program (drill holes SHDH1 to SHDH24), analysis of the phase one drilling results, a geophysical program (a Dipole Dipole resistivity survey), analysis and modelling of the geophysical survey results and the determination of future drill hole collar locations with the assistance of Professor Arvisbaatar from the University of Mongolia.

Recent Drilling

Newera advises that, despite severe winter climatic conditions, (with temperatures reaching -45C), Newera has now completed a short, phase two (4 holes for 520 metres) drilling program - drill holes SHDH25 to SHDH28.

Significant widths of bright black coal were intersected in three of the four phase two drill holes (SHDH25, 26 and 27) adding confidence that, in the not too distant future, Newera may be in a position to calculate a significant coal volume as an Exploration Target.

The Shanagan Project phase two drilling program was undertaken at the recommendation of, and following consultation with, Professor Arvisbaatar, who identified the drill hole collar sites based on the analysis of the geophysical (Dipole Dipole) survey and recommended deeper drilling to test the down dip continuity of previously identified coal seams at depth.

The significance of the results of drill holes SHDH25, 26 and 27 (the holes designed by professor Arvisbaatar) is that they were not drilled along strike from SHDH9 and 9R, but normal to strike over a length of c. 500 metres, clearly showing the continuity of the previously identified seams at depth.

It is important to note that the average total depth for all holes in the phase one drilling program was only 58.88 metres depth per hole, whereas, the average depth for all holes in the phase two program was 130 metres.

The phase two drilling program just completed clearly demonstrated the lateral coal seam continuity at depth with very positive implications for, in the first instance, any future calculations on an Exploration Target and in the second, any potential future calculations on a JORC resource.

The location of drill hole SHDH28 was designed in-house to test the along strike continuity of coal seams previously identified in SHDH14 and produced a 5.77m of net coal result.

Following completion of each hole, a down hole geophysical survey was conducted to determine the net coal intersections contained within each hole.

Following completion of the phase two drill holes, the well sites for drill holes SHDH25, 26, 27 and 28 will now be rehabilitated to as near to natural conditions as is possible.

Following discussion with Best Drilling LLC and local stake holders, it was determined that the exploration camp would remain set up for the remainder of the northern winter, with permanent security staff in residence. The drilling rig would also remain on site in readiness for any short notice mobilisation that might be required for any potential new drilling program at the Shanagan Project during the spring of 2013.

Executive Chairman's comments

In commenting on the Newera phase two drilling program, Newera executive Chairman Mr Martin Blakeman made the following observations:

"Both the phase one and phase two drilling programs at Newera's Shanagan coal project in Mongolia have been very successful for Newera. The phase one program, without the benefits of geophysics for targeting, produced some excellent net coal intercept results.

The phase two program was instigated following recommendations from Professor Arvisbaatar from the University of Mongolia who had been asked to review and remodel the very good data collected from the Geophysical resistivity survey (Dipole Dipole) undertaken by Geomaster LLC.

Following his review, Professor Arvisbaatar identified thirteen (13) new coal targets along the across-strata geophysical survey lines. In its phase two drilling program, Newera drilled three of Professor Arvisbaatar's targets, drill holes SHDH25, 26 and 27 which each produced very significant net coal intercepts.

Effectively to this point, Professor Arvisbaatar has a 100% success rate on his first three targets. This fact is very significant to Newera for two reasons:

The first is that it suggests that Professor Arvisbaatar's selection of the remaining ten (10) drill hole collar locations (coal targets) have a very good probability of success, and whilst it might be unreasonable to expect a 100% success rate on all 13 of the new coal targets, we at Newera are quietly confident in professor Arvisbaatar's predictions.

The second is that two of Professor Arvisbaatar's coal targets are on the extended geophysical survey lines c. 500 and 1000 metres to the west of previously identified coal bearing strata (with coal outcrops), in what has been designated the "potential new coal zones" in Figure 1.

This opens up the possibility that if Newera were to have success in drilling these two new target zones, it may open up significant new coal bearing strata which would underlie all previously identified coal bearing strata. If this is the case, the scope for increasing the scale of the Shanagan coal project could be very significant indeed.

We remain quietly confident that the Shanagan Project will continue to produce results and develop into a significant new coal project."

Hole #	Total Depth	Total Net Coal (m)	Within Width (m)	Easting	Northing	RL (m)	Dip	Geophysically logged
Phase 1 Drilling Results								
SHDH01	114.0	0.10	0.00	299255	5229880	1406	-90	No
SHDH02	300.0	14.70	33.73 to 263.50	299189	5230915	1428	-90	Yes
SHDH03	103.0	0.00	0.00	298895	5227435	1462	-90	No
SHDH04	164.5	6.67	77.23 to 140.51	297102	5228183	1442	-90	Yes
SHDH05	39.0	2.20	19.40 to 20.80	299313	5231721	1416	-90	Yes
SHDH06	40.0	1.80	7.10 to 13.80	299310	5231740	1439	-90	Yes
SHDH07	57.2	0.00	0.00	298739	5229489	1438	-90	Yes
SHDH08	46.0	0.24	0.00	296690	5228137	1458	-90	Yes
SHDH09	40.0	12.00*	6.20 to 27.50	296770	5227207	1405	-90	Yes
SHDH10	54.0	0.57	0.00	296821	5227648	1413	-90	Yes
SHDH09R	56.0	19.45	27.5 to 49.30	297069	5227712	1454	-90	Yes
SHDH11	32.5	8.00	5.80 to 28.30	298461	5227876	1447	-90	Yes
SHDH12	42.5	0.00	0.00	297476	5227810	1443	-90	No
SHDH13	46.0	6.40	19.90 to 37.30	298297	5228053	1420	-90	Yes
SHDH14	44.0	12.80	9.10 to 25.40	296697	5227802	1418	-90	Yes
SHDH15	35.0	2.50	3.10 to 26.90	297650	5229100	1435	-90	Yes
SHDH16	30.0	2.00	13.40 to 16.20	297147	5228384	1455	-90	Yes
SHDH17	50.0	7.50	16.00 to 43.30	298877	5230651	1419	-90	Yes
SHDH06R**	50.0	7.10	16.80 to 42.40	299254	5231552	1405	-90	Yes
SHDH18	62.0	2.70	8.40 to 55.80	297016	5228007	1431	-90	Yes
SHDH19	38.0	4.30	3.90 to 22.60	297205	5228718	1439	-90	Yes
SHDH20	26.0	2.80	9.60 to 20.90	298135	5229116	1450	-90	Yes
SHDH21	23.0	0.30	21.80 to 22.10	298336	5227995	1416	-90	Yes
SHDH22	17.0	2.00	9.10 to 11.10	298695	5228305	1441	-90	Yes
SHDH23	28.0	1.60	6.30 to 22.20	298719	5228564	1430	-90	Yes
SHDH24	44.0	3.63	16.38 to 40.12	297395	5227726	1430	-90	Yes
Phase 2 Drilling Results								
SHDH25	100.0	21.98	4.22 to 52.69	297092	5227711	1422	-90	Yes
SHDH26	150.0	18.55	21.46 to 106.58	297089	5228013	1427	-90	Yes
SHDH27	160.0	18.34	3.46 to 129.59	296984	5227569	1410	-90	Yes
SHDH28	110.0	5.77	8.19 to 77.82	296735	5228000	1429	-90	Yes

Table 1: Newera Resources Ltd – Shanagan Project – drill hole summary table including geologically logged coal intercepts and net coal intercepts.

(Grid co-ordinates refer to UTM Zone 49 North. * core loss. ** Hole Re-drilled)

Washability Testing and Coal Sample Analysis

It is expected that the results of the washability testing and coal sample analysis from samples collected from Shanagan drill holes SHDH25, 26, 27 and 28 should be available in mid to late January, 2013.

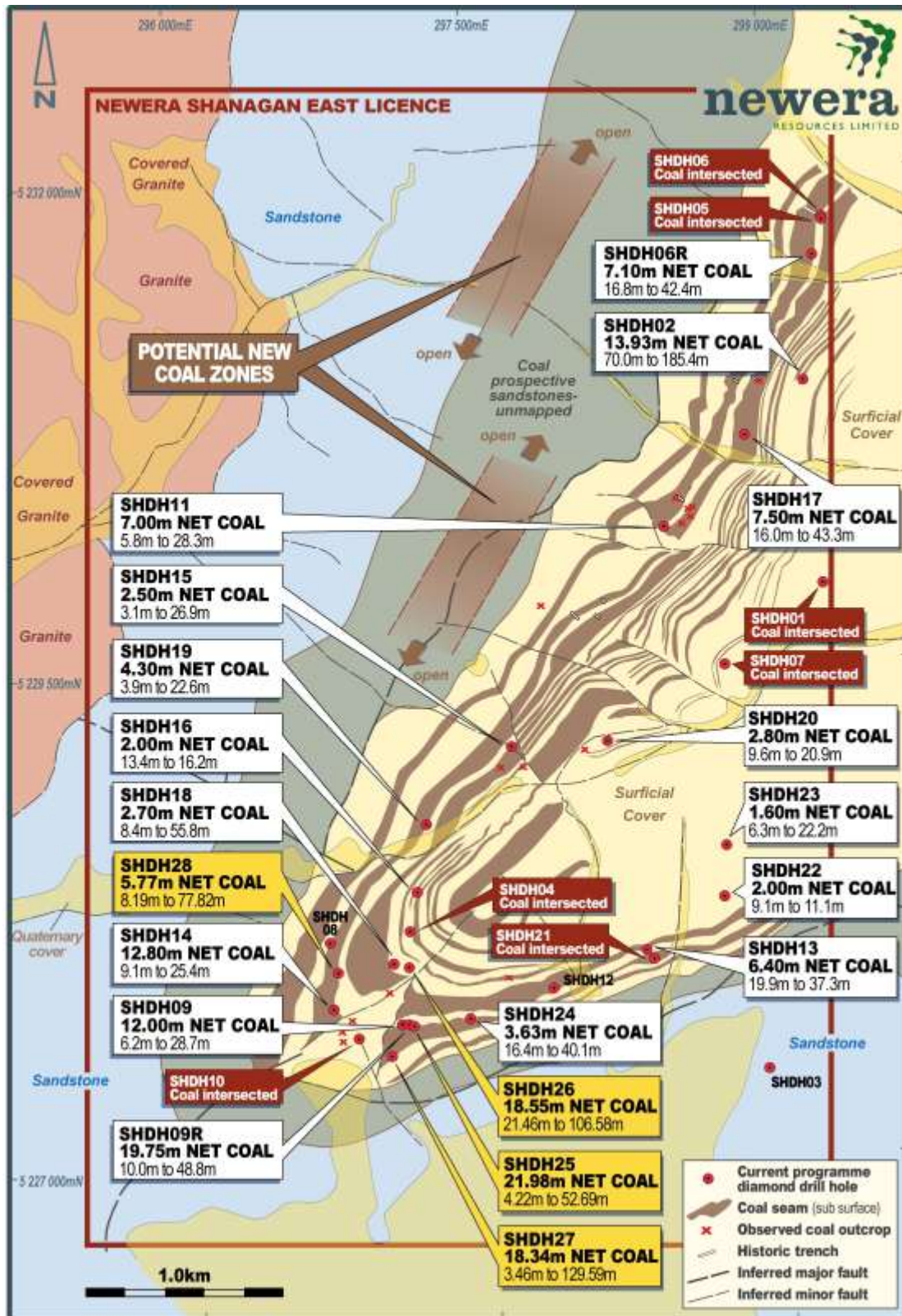


Figure 1: Newera's Shanagan East project licence area showing drill hole collar locations and net coal intercepts over geology with the phase 2 drill hole collar locations highlighted in yellow.



Figure 2: Location of Newera's Shanagan Project.



Figure 3. A panoramic view of the drilling rig and ancillary equipment at the site of Shanagan Project drill hole SHDH28.



Figure 4: The drilling rig at the site of Newera's Shanagan Project drill hole SHDH28 with Nordic Geological Solutions Project Manager, Ms Ariunaa Ulaankhuu, and Senior Consulting geologist, Mr Ganbold Davadorj, in attendance.



Figure 5: A pictorial view of the drilling rig operating along the nose of the geological syncline structure within Newera's Shanagan coal project area – indicating general topography.



Figure 6: Photo of Newera's Mongolian Shanagan Project exploration camp on a winter's day.

Further Information;
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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.