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RESOURCES LIMITED

21 December 2010

ASX Release

## NEWERA ENTERS INTO OPTION AGREEMENT TO ACQUIRE SIGNIFICANT GOLD ASSETS

**Newera Resources Limited (ASX: NRU)** ("Newera") is pleased to advise that it has entered into an option agreement with Posit Resources Australia Pty Ltd ("Posit") to procure the acquisition, (subject to, amongst other things, due diligence and exercise of the option), of 100% of the issued capital of Posit.

Posit is an Australian registered private mineral exploration company with agreements over significant gold exploration assets in the democratic Republic of Kyrgyzstan in Central Asia.

### Highlights:

- An inventory of six advanced gold exploration projects within the world renowned Tien Shan Mineral Belt in Kyrgyzstan.
- To date Posit has entered into agreements to acquire three significant hard rock projects, one placer project and one large tailings retreatment project (two large dumps).
- On completion of the acquisition, Fortescue Metals Group Limited non-executive Director, Mr Graeme Rowley AM will become Executive Chairman of Newera and Mr Stephen Blackman will assume the role of CEO of Newera.

Mr Rowley was until recently, Executive Director Operations of the Fortescue Metals Group, a post he has held since October 2003. Mr Rowley recently stepped down from his executive duties but remains a non-executive Director of the Fortescue Metals Group.

- The combined financial resources of Newera and Posit at completion should be sufficient to carry the operating costs of Newera into the second quarter of 2011.

### DIRECTORS

Mr Martin Blakeman  
Executive Chairman

Mr Winton Willesee  
Non-Executive Director

Mr Eric de Mori  
Non-Executive Director

### COMPANY SECRETARY

Mr Winton Willesee

### PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE

Suite 5 / 2 Centro Avenue  
SUBIACO, WA 6008

ABN: 27 118 554 359

### CONTACT DETAILS

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SUBIACO WA 6904



Figure 1: Posit project locations

- Significant historical exploration work, and some limited mining, has been undertaken to date. Currently only Russian C1 and C2 data is available for most of the Posit held deposits, with more general estimates made in other instances. The latest estimates were made in 2005 and most pre-date 2004.

On settlement Newera will commence a review of the work undertaken to date to determine whether it meets, or can be brought to a standard that meets, Australian reporting guidelines for release to ASX. During and subject to due diligence, the Company reserves the right to seek a waiver from ASX of Listing Rule 5.6 so that it can provide, if appropriate, a detailed report on the previous exploration outcomes for market release.

- Potential early cash flow through the expansion and/or development of gold recovery operations on two placer deposits and the tailings re-treatment project.
- Significant data exists to allow prioritisation of projects for future exploration programs.
- The Government of Kyrgyzstan is a recently elected government, elected under a democratic process with a desire to attract foreign investment.

- Posit, having recognised the potential of Kyrgyzstan is seen as one of a small number of “first movers” to enter into agreements with the government which will allow investment into and development of, large resource projects within the country. Posit have established – over time, very good relationships from locals to the highest levels of government.
- Posit maintains a competent administrative and field management and support team in Kyrgyzstan.
- A number of the projects within the portfolio have been subjected to independent assessments by notable global mining companies or by global mining consultancies including SRK and Hatch. SRK was last involved in 2005, whereas Hatch has completed recent “concept studies” during 2010 over two hard rock projects.

Table 1: Posit Project status

Project	Location	Status	% Interest
<b>Soltyn Sary *</b> ( 3 + Deposits ) Altyn Tor Buchuk Aktash	North Central	Negotiated MOU**/ application	On Grant - 70%
<b>Dolpran</b>	North East	MOU signed	>75%
<b>Kuranjayloo</b>	North East	MOU signed	>75%
<b>Makmal Tailings</b>	South Central	MOU Signed	100%
<b>Kyldoo</b>	South Central	Application	70%
<b>Kuru/Sulu placers</b>	North West	Negotiated MOU	51%

\* **Note:** Posit has made application with, and negotiated the terms of a MOU with, the Kyrgyzstan Government agency for rights to the Soltyn Sary Project. A re-activation by prior licence holders in part competes with the Posit/Kyrgyzaltyn application. Whilst Posit has indicated a high level of confidence that Posit will be awarded the project no assurances can be made of that being the outcome.

\*\* MOU – Memorandum of Understanding.

## **Management**

Subject to Newera completing due diligence and exercising the Option, two current Newera Directors will retire and Newera will appoint Mr Graeme Rowley AM as Executive Chairman and Mr Stephen Blackman as Managing Director.

### **Mr Graeme Rowley AM**

Mr Rowley recently stepped down from executive duties as Executive Director at Fortescue Metals Group Limited, Australia's third largest mining company. Mr Rowley remains a non executive Director of Fortescue Metals Group.

Mr Rowley has been Executive Director Operations of the Fortescue Metals Group Ltd since October 2003. Previously he was an executive with Rio Tinto plc, holding senior positions in Hamersley Iron and Argyle Diamonds. Mr Rowley's previous Directorships have included Dampier Port Authority, the Pilbara Development Commission, the Council for the West Pilbara College of TAFE and the Western Australian Government's Technical Advisory Council.

Mr Rowley has extensive experience in operational management of both, iron ore operations, ship loading facilities and heavy haul railway within the Pilbara. He was head of the CRA Organisation Development and Change Management unit after a distinguished flying career.

### **Mr Stephen Blackman**

Mr Blackman recently stepped down from executive roles as Chairman and Managing Director of several ASX listed and unlisted mineral exploration companies that he founded between 2002 and 2007. These companies have delivered material gains to their shareholders with several discoveries, mineral developments and a mining operation in Australia and one at the pre-feasibility stage internationally.

## **Management Kyrgyzstan**

Ms Veronica Johnson

Ms Johnson has been an international geologist for the World Bank and on numerous consulting roles largely in undeveloped or politically higher risk countries – PNG, Vietnam, Angola, Mozambique, Cuba, Ecuador, Russia and the Dominican republic and has now spent seven years in Kyrgyzstan. Ms Johnson is credited with several significant discoveries and importantly, has developed an intimate knowledge of the Soltyn Sari Project over four years.

## **Kyrgyzstan – A snapshot**

Kyrgyzstan became an independent country in 1991 after previously being part of the Confederation of Independent States which formed part of the Soviet Union.

The 1993 Constitution defines the form of government as a democratic republic. The executive branch includes a president and prime minister. The parliament currently is unicameral. The judicial branch comprises a Supreme Court, a Constitutional Court, local courts and a Chief Prosecutor.

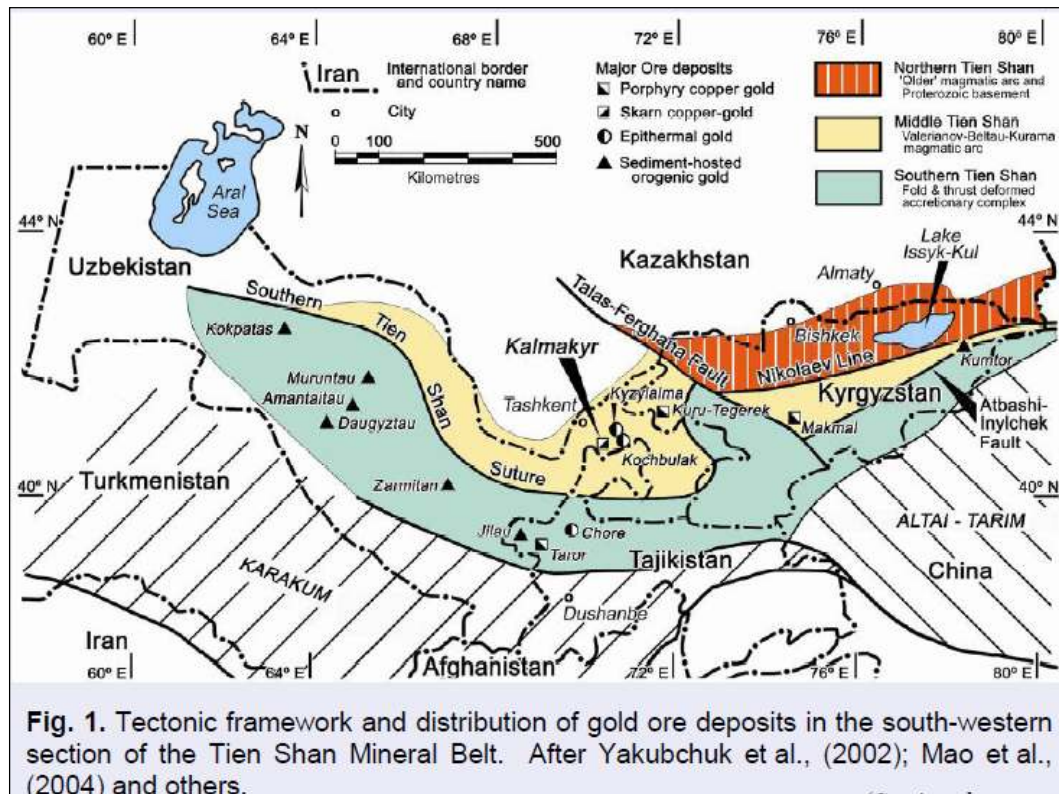
In July 2010 a referendum voted overwhelmingly to change the constitution, curbing the powers of the President and enhancing those of Parliament and the independent Judiciary. In November 2010, the first parliamentary elections under the new constitution produced a three-party coalition led by the new interim reformist President, Ms Otunbayeva's, Social Democratic Party. The largest party in parliament, the nationalist Ata Zhurt, with a dominant following in south Kyrgyzstan and a smaller but reformist Respublica make up the governing Coalition. The two parties in opposition, Ata Meken and Ar Namys have differing policy platforms.

The elimination of historic corruption patterns has been a very strong election issue. Economically the country is largely dependent on agricultural products, mining and cross border trade.

## **Economic Geology**

Kyrgyzstan sits squarely in the middle of a major gold metalliferous belt - the Tien Shan Mineral Belt which extends from Russia in the west to China in the east. It hosts the significant Muruntau gold deposit and a considerable number of large gold deposits in Uzbekistan, Tajikistan, Kyrgyzstan and Kazakhstan.

The largest gold deposit in Kyrgyzstan is the Kumtor deposit which has been worked over the past six years, and the Makmal deposit is the second largest. The Tien Shan Belt is divided into three in Kyrgyzstan the northern, middle and southern sections – clearly shown in the following map:



As an emerging democracy with a large endowment of historic mineral resources discovered in the old Soviet era, the Tien Shan Mineral belt ramping though it and situation where there has been a distinct lack of the application of modern exploration techniques and foreign capital, Kyrgyzstan clearly represents a significant opportunity.

### **Salient Option Agreement terms**

The sale of all of the issued Shares in Posit to Newera under the following terms:

1. Posit grants Newera an exclusive option to purchase all the issued shares in Posit for a period of 45 days.
2. A 45 day due diligence period to apply for both parties.
3. If following 45 day option/due diligence period both parties decide to proceed then a formal sale agreement shall be finalised within 30 days.
4. Both parties to use best endeavours to negotiate and settle the Share Sale Agreement within the allotted time frame.
5. Key terms and conditions:
  - A. Completion of the acquisition of the Posit shares and the payment of any consideration will be subject to and conditional on:
    1. The Vendor acquiring 100% of the issued capital of Posit;
    2. Gaining all necessary consents from the Kyrgyzstan Government;
    3. ASX confirming to Newera that this transaction will not invoke ASX Listing Rule 11.1.3;
    4. Newera to seek any requisite shareholder approval for the issue of securities in Newera and transactions contemplated by the agreement;
    5. Receipt of all other necessary approvals and consents required under Australian law; and
    6. The conversion of all Unsecured Convertible Notes on issue in Posit.
  - B. Total assets of Posit to have notional value of AU\$8,500,000 inclusive of milestone targets.
  - C. The total shares on issue and assets of Newera to have a notional value of AU\$5,770,000 or \$0.035 per ordinary share on issue at the time of the agreement.
  - D. To acquire all the shares in Posit, Newera will issue a number of shares equivalent to AU\$5,000,000 at a share price of AU\$0.035 per share to Posit Shareholders in proportion to their shareholding in Posit at the time.
  - E. At completion Newera will cause two current Directors to retire and appoint the two Posit nominees, Graham Rowley and Stephen Blackman, to the Board of Newera.

- F. At completion Newera will appoint Posit's nominees to the position of Executive Chairman and Managing Director.
- G. From completion, Newera's Board to consist of two Posit nominees, one current Newera Director and one independent Director.
- H. The Executive Chairman, Graeme Rowley, will hold a casting vote.
- I. Upon Newera achieving a JORC compliant resource of 1,000,000 ounces of gold in the "indicated" category from the transferred Posit Assets, Newera will issue further Newera shares to the value of \$1,500,000 in aggregate to the shareholders of Posit (in proportion to their shareholding in Posit as at completion) at an issue price of 20% less than the VWAP of Newera shares over the 5 trading days immediately prior to the announcement of the JORC resource (The Second Tranche). For the avoidance of doubt this issue price is only used to determine the number of shares issued in this Second Tranche.
- J. Upon NRU achieving a JORC compliant resource of 2,000,000 ounces of gold in the "indicated" category in total from the Posit Assets, NRU will issue further NRU shares to the value of \$1,000,000 in aggregate to the shareholders of Posit (in proportion to their then shareholding in Posit at completion of the First Tranche), at an issue price being 20% less than the VWAP of NRU shares over the 5 trading days immediately prior to the announcement of the JORC resource (The Third Tranche). For the avoidance of doubt this issue price is only used to determine the number of shares issued in this Tranche.
- K. Upon NRU achieving a JORC compliant resource of 3,000,000 ounces of gold in the "indicated" category in total from the transferred Posit Assets, NRU will issue further NRU shares to the value of \$1,000,000 in aggregate to the shareholders of PST (in proportion to their shareholding in PST at completion of the First Tranche), at an issue price being 20% less than the VWAP of NRU shares over the 5 trading days immediately prior to the announcement of the JORC resource (The Fourth Tranche). For the avoidance of doubt this issue price is only used to determine the number of shares issued in this Tranche.

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### **Competent Person Statement**

*The information in this report that relates to Exploration Results, Exploration Targets or Gold Resources are based on information compiled by Mr Peter Robert Anderton. Mr Anderton has over 20 years experience in gold geology and 15 years experience in resource evaluation. Mr Anderton is a member of the Australian Institute of Mining and Metallurgy (MAusIMM) and Mr Anderton has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2004 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Anderton consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

## **Photo Gallery**

### **Suru and Kuru Placer Deposits**



*Sulu placer deposit - To date 9 blocks out of 16 at Sulu have been mined with mining currently on two other half mined blocks.*



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*Sulu placer deposit - 10 days production in mid June 2010 – 1.5 kg = 48 ozs*



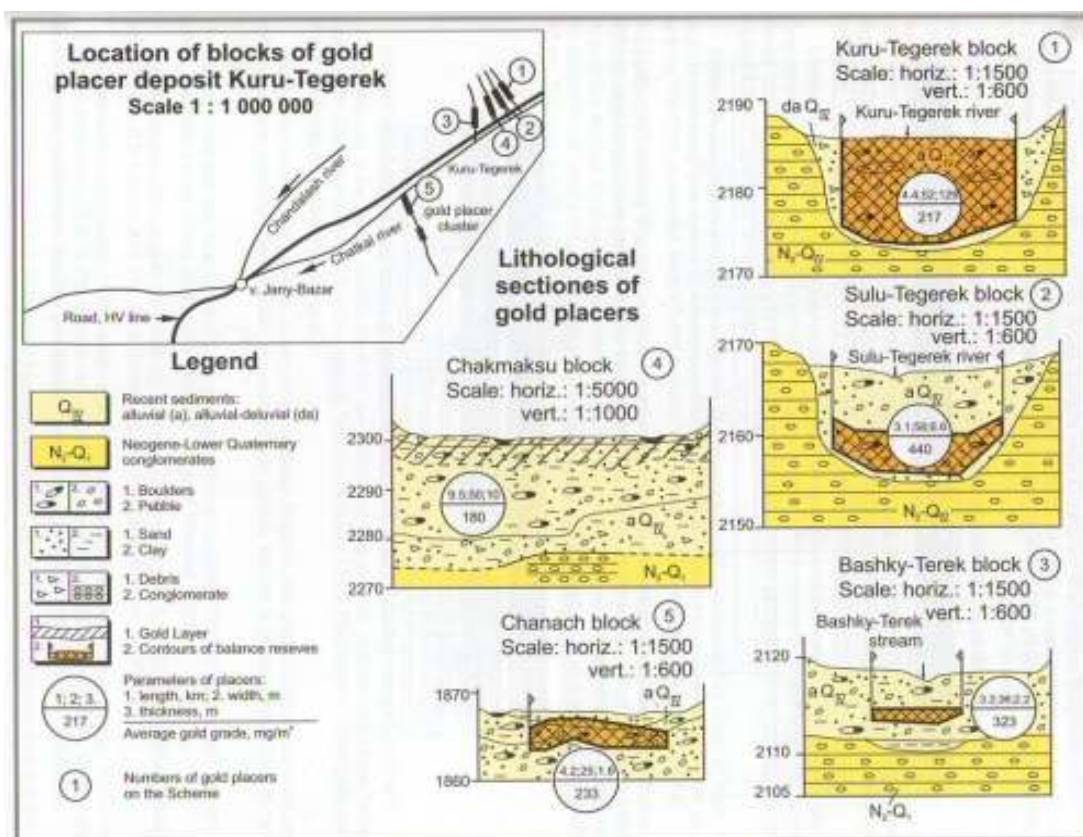
Operating plant at Sulu.



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Sulu placer production facilities.



Location of blocks of gold ore Kuru placer deposit.



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Kuru - Initial area to be treated (already most trees have been removed)



Kuru - further up the placer deposit where it broadened



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Kuru -looking NW back up the Placer deposit

## 2. MAKMAL TAILINGS RETREATMENT



Makmal gold tailings dam ( foreground ).

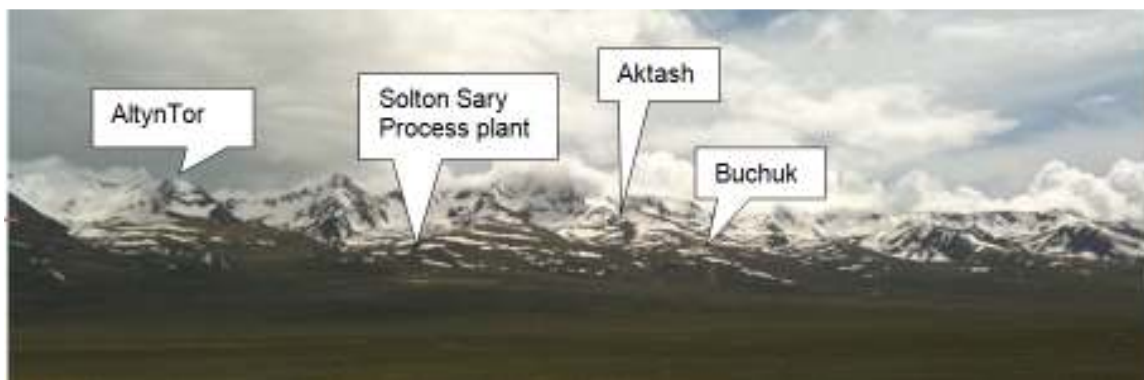


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Various views of Makmal gold tailings dam

### **3. THE SOLTYN SARI PROJECT - Altyn Tor, Ktash and Buchuk deposits**



Solton Sary project - View looking south over Baydulu Range



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AltynTor Open pit – indicating earlier bench preparation



AltynTor current pit floor – looking north



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AltynTor current pit floor – looking north (above) and south (below)





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AltynTor mining plant – evidence of care & maintenance working



Altyn Tor processing plant



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## DOLPRAN



Dolpran Northern Lodes



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Dolpran – Looking NE at the 1a Lodes



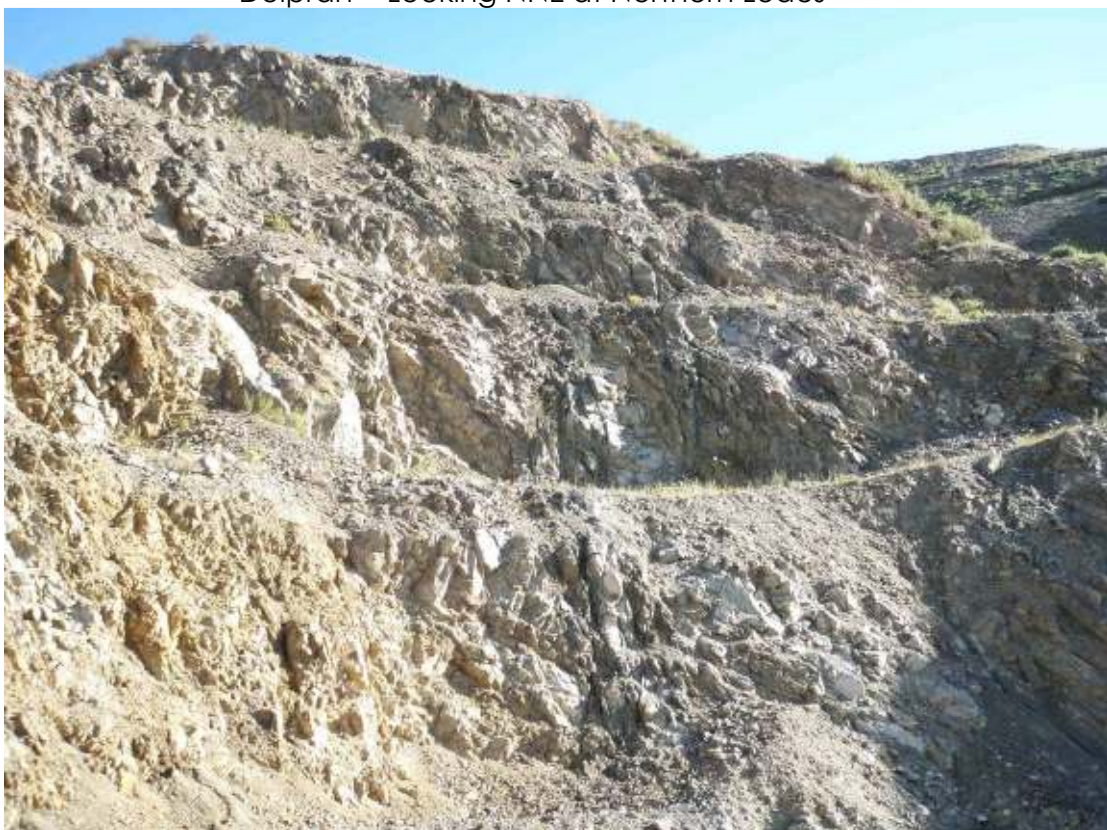
Dolpran - More detail of Northern lodes at different levels



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Dolpran - Looking NNE at Northern Lodes



Dolpran - No. small open pit in Northern lodes



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Dolpran – Looking NW across the Dolpran Valley – potential recently recognised



Dolpran - Open pit



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Dolpran - Adits progressively being cleaned out and channel samples re assayed



Dolpran - gold grades in the presence of Chalcopyrite



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Dolpran - Open pit but showing angle of dip



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## KURANJAYLOO



Kuranjayloo



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Kuranjayloo - Trenches



Kuranjayloo looking S



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Kuranjayloo looking NE



Kuranjayloo – water reservoir for drilling & dewatering adits



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Kuranjayloo - extensive drill sitings



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Kuranjayloo - Adit from prior production

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