

Is Ulaan Tolgoi the next Tavan Tolgoi?

March 2014



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Competent Persons Statement

Mongolia

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 (MAusIMM). 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.

What is Tavan Tolgoi?



- **Tavan Tolgoi** is **one of the world's largest coking and thermal coal deposits**, located in the South Gobi late Permian sedimentary basin within the Umnogovi province in southern Mongolia.
- Tavan Tolgoi currently contains an estimated **6.4 billion tonnes of high rank black coal** of which **1.6 billion tonnes** is high quality coking coal.
- Tavan Tolgoi is located 98 km east of the Umnogovi Province regional centre of Dalandzadgad and 240 km north of the Chinese Border. Newera's Ulaan Tolgoi project is located 110 km south west of Tavan Tolgoi.
- The **Mongolian Government has publically announced its commitment to building a Chinese gage railway** from the Chinese border to the Tavan Tolgoi site.

Note: Tavan Tolgoi is not an asset of Newera Resources Ltd.

Reference: Erdenes Tavan Tolgoi JSC website: <http://erdenestt.mn>

The Ulaan Tolgoi Coal Project

What is Ulaan Tolgoi ?



- **Ulaan Tolgoi** is a large coal prospect recently discovered by Newera, located in the South Gobi late Permian sedimentary basin within the Umnogovi province in southern Mongolia.
- Ulaan Tolgoi is in the same South Gobi late Permian sedimentary basin as Tavan Tolgoi and resides 110 km south west of Tavan Tolgoi.
- Newera has completed a seismic survey along 6 lines within the Ulaan Tolgoi licence with spectacular seismic results underlying 5 lines. The consulting geophysicist/seismologist suggests that the seismic reflectors coming out of the seismic survey are **most likely coal or coaly shale**.
- The Sonduult Tolgoi Thrust Fault, an interpreted extension of the Narin Sukhait Thrust fault, strikes east/west through Ulaan Tolgoi. The operating **Mak, Ovoot Tolgoi, Soumber and Biluut coal deposits were discovered along the Narin Sukhait Thrust fault** to the west of Ulaan Togoi.
- Ulaan Tolgoi lies 110 km to the north of the Chinese border. Pending a viable coal discovery at Ulaan Tolgoi, Newera **may be able to access the new Chinese gage railway** or alternatively **truck coal direct to a Chinese border crossing** for loading on to the Chinese rail system.
- Newera is **about to commence drill testing** targets defined by the seismic survey.

Ulaan Tolgoi Coal Project



- Ulaan Tolgoi is a 43,000 Hectare Exploration licence located 110km north of the Chinese border in the South Gobi Basin in southern Mongolia.
- The south Gobi Basin is a world renown, coking coal hosting, late Permian age basin containing world class coking coal deposits.
- Newera completed a seismic survey within Ulaan Tolgoi in September 2013 with spectacular results.
- A drilling program has been designed to test the newly discovered and extensive seismic reflectors for coal.
- March 2014 - Drilling, Geological and down hole logging contractors are on standby to commence drilling.
- Seismic Survey indicators are that an extensive late Permian sedimentary basin lies within the Ulaan Tolgoi project.
- The scale of the indicated basin and the extent and consistency of the seismic reflectors suggest the potential for discovery of one or several very large coal deposits.
- There is scope within the South Gobi basin for the discovery of several new deposits of the scale of the giant Tavan Tolgoi coking coal deposit – 6.4 Billion tonnes of black coal with 1.6 billion tonnes of coking coal.
- Could Ulaan Tolgoi be the next Tavan Tolgoi?

Ulaan Tolgoi Coal Project



BOARD

Mr Martin Blakeman – Executive Chairman

In excess of 30 years experience with ASX listed resource companies Founder and Chairman of Mantle Mining (MNM.ASX) and former founding Director of Metex Resources (now Carbon Energy Limited (CNX.ASX))

Mr Winton Willesee – Non Executive Director

Experienced company director and company secretary with a strong track record in strategy, corporate development, corporate governance and corporate finance.

Mr Eric de Mori – Non Executive Director

In excess of 11 years corporate advice for microcap companies Previous Directorships with ASX listed resource exploration and production companies.

SENIOR MANAGEMENT

Dr Per Michaelsen – Consulting geologist (Mongolia)

Founder and principal consultant of Mongolian geological services company Nordic Geological Solutions LLC. Over 16 years experience in coal basins worldwide with a focus on Permian coal deposits.

Capital Structure (A\$)

Ordinary Shares on Issue (NRU)	261,411,682
Unlisted Options on Issue	22,000,000
Share Price	\$0.005
Market Capitalisation	\$1.30 m

Substantial Shareholders (1st March 2013)	% held
1. Tonka Trading Pty Ltd (M. Blakeman)	7.72%
2. Banks-Smith Katrina F.	6.99%
3. Player Vicki Gaye + S J.	2.28%
4. Clifford Michael John	2.22%
5. Pham Binh Huy	2.12%

Issued Convertible notes:	Number = 500*
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*Terms and conditions of convertible notes:

Each convertible note has a face value of \$1,000, a maturity date of 6 March 2015, an interest rate of 12%pa and is unsecured. The convertible notes can be converted at any time following the completion of the Company's next capital raising at a conversion price per share that is equal to the lesser of 0.4 cents or 80% of the subscription price under the Company's next capital raising. For each share issued upon conversion, the Note holder will be issued 1 free option to subscribe for an additional ordinary share in the Company with an exercise price equal to a 100% premium to the conversion price and an expiry date of 6 March 2018.

Ulaan Tolgoi Project Joint Venture



Deal Terms (USD \$)

Pre-payments (reimbursements)	\$64,500
JV Stage 1 – Earn 51% interest (pending completion)	\$200,000
JV Stage 2 – earn 70% interest	\$1,200,000
<hr/> TOTAL	<hr/> \$1,200,000

Note: on commencement of drilling Newera will have earned a 51% interest in the Ulaan Tolgoi Coal Project.

On 18 June 2013, Newera executed a formal Joint Venture Agreement (“JVA”) with its joint venture partner, Mr Gankhuyag Rentsendorj of Ulaanbaatar Mongolia, covering Mongolian Exploration Licence 12323X – “The Ulaan Tolgoi Project”.

The JVA provides for a Stage 1 earn in whereby Newera could earn a 51% interest in CNMN LLC (a single project company, holding licence 12323X as its only asset) (“CMNM”), by reimbursing the holder of CNMN, US\$64,500 for past expenditure on the tenement, paying US\$30,000 as a Licence roll over fee and sole funding US\$200,000 on exploration before 30 June 2014. The US\$64,500 reimbursement figure is to be deducted from the US\$200,000 exploration expenditure.

Ulaan Tolgoi Project Joint Venture



Should Newera complete the Stage 1 earn in, Newera will then have the sole and exclusive right to Complete a Stage 2 earn in to take Newera to a 70% holding in CMNM.

The Stage 2 earn in requires Newera to:

- a) Spend a total of US\$1,200,000 on or in respect of the licence (Stage 2 Sole Funding Amount); or
- b) Undertake no less than 4,000 metres of drilling within the licence area, within 36 months of completion of the Stage 1 (or such other date as agreed by the parties).

Standard Dilution clauses apply where if a shareholders interest in the Company reduces down to 10% that diluting shareholder will have the option of

- (i) Converting the interest to a royalty payable by the other shareholder of \$0.50 per tonne of all coal shipped from the licence to a purchasing party. In this event the diluting party's interest in the Company will be 0%; or
- (ii) retain a 10% Company interest, which interest will be free carried.

Ulaan Tolgoi Coal Project Location



Figure 1:
Location of Newera's
Ulaan Tolgoi coal
project showing
proximity to the Chinese
border, rail system and
Power plants.

Ulaan Tolgoi Coal Project Location



Figure 2:
Showing Newera's Ulaan Tolgoi coal project in relation to the Late Permian South Gobi Basin and other significant world scale coal projects.

The Ulaan Tolgoi Seismic Survey



The Ulaan Tolgoi Seismic Survey:

- Newera has completed a Mini Sosie seismic survey along 6 lines, designated Lines A, B, C, D, E, and F, within the Ulaan Tolgoi project licence. The seismic survey was seeking coal bed markers under cover, within the Ulaan Tolgoi Joint Venture area in the South Gobi region of Mongolia.
- On completion of the seismic survey, seismic lines A, B, D, E and F were interpreted to be underlain by late Permian P2 sedimentary strata approximately 150 - 200 metres thick.
- Depth to the top of the late Permian P2 strata interpreted to range from 50 metres to 200 metres.
- Consistent, thick, gently folded seismic reflectors were interpreted to exist within the late Permian strata underlying seismic lines A, B, D, E and F.
- In the opinion of the senior geophysicist / seismologist of Logantek, the reflectors are considered to be consistent with seismic reflectors from previous coal discoveries in the South Gobi basin, indicating a very good potential for coal.
- The South Gobi basin is recognised world wide for its potential to produce very large coking coal deposits such as the Tavan Tolgoi deposit.
- Logantek in association with Newera's consulting geologists, Nordic Geological Solutions have outlined appropriate drill hole collar locations designed to test the interpreted coal reflectors in a drilling program to commence in the Mongolian spring of 2014.

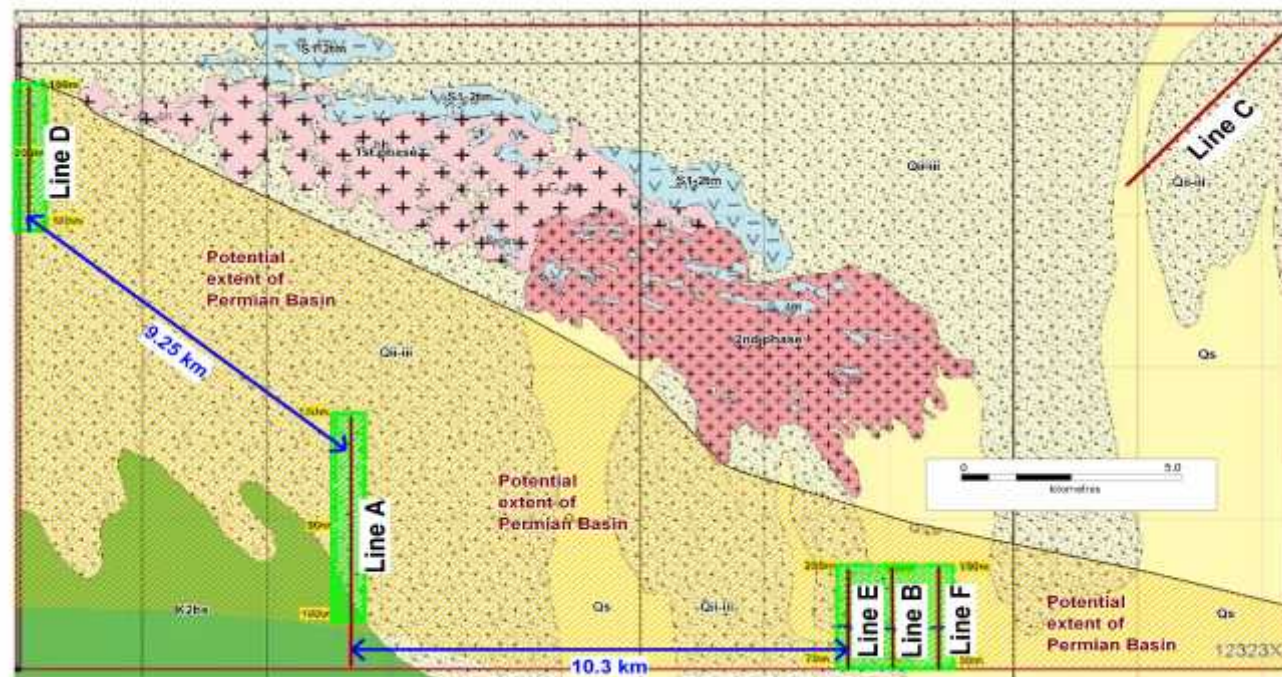
The Ulaan Tolgoi Seismic Survey



The Sonduult Tolgoi Thrust Fault:

- The Sonduult Tolgoi Thrust Fault (the STTF) strikes through the Ulaan Tolgoi licence from west to east. From analysis, modelling and interpretation to-date, it appears that stratigraphic duplication occurs along the Sonduult Tolgoi Thrust Fault (STTF). This is considered significant due to the extensive 18 kilometre strike of the STTF, east to west through the Ulaan Tolgoi licence.
- The over thrust zone of the interpreted P2 Permian coal measures above the fault appear to come within an open pitable depth from surface, and appear to have analogies to the Burton North mine in the Bowen Basin of Australia where along strike mining occurs adjacent to the Burton Range fault.

The Ulaan Tolgoi Seismic Survey

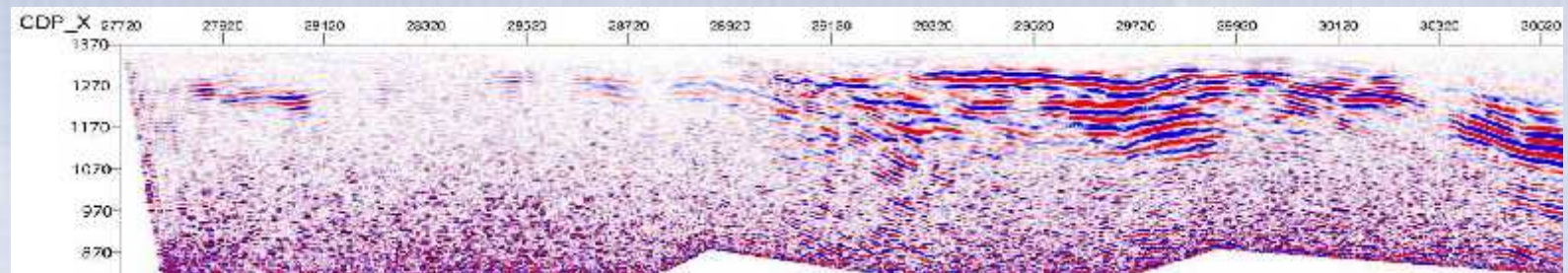


Logantek Interpretation of geology;

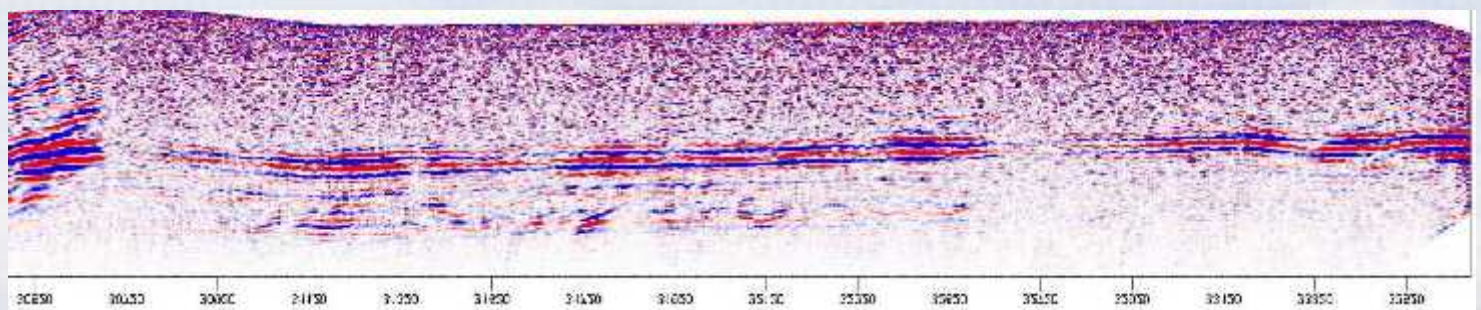
“The plan shows the projected location of interpreted P2 (Permian P2) units from the recent Newera seismic survey. A significant length of late Permian basin is possible if these P2 units are intersected through future drilling under lines D, A, E, B and F.”

Figure 3: The Ulaan Tolgoi licence, plan view, showing projected top of possible P2 units (green shading along lines) underlying Seismic lines F, B, E, A and D and depths in metres. Also showing the potential extent of the late Permian P2 basin strata, that is interpreted to exist within the Ulaan Tolgoi licence area. The flat lying late Permian strata are overlain by quaternary cover.

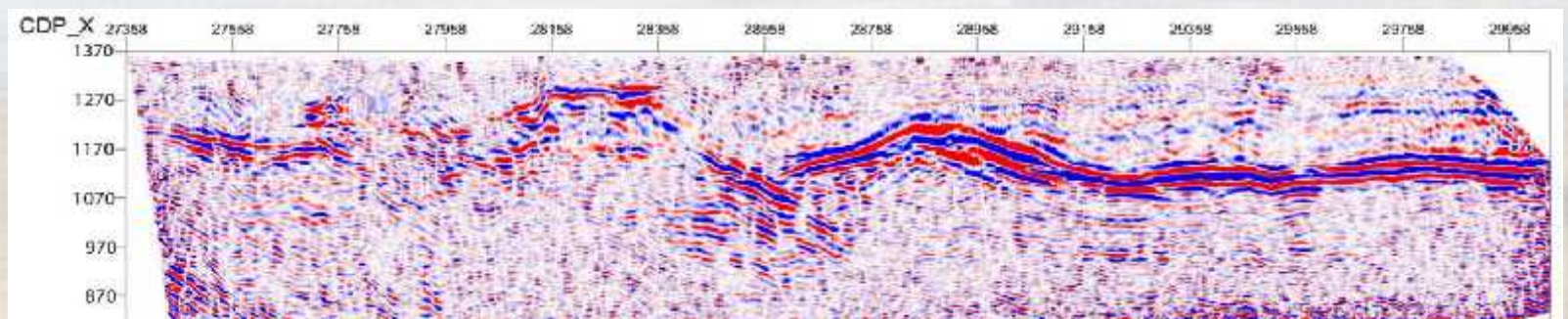
The Ulaan Tolgoi Seismic Survey – Interpreted Results



S Line A South N



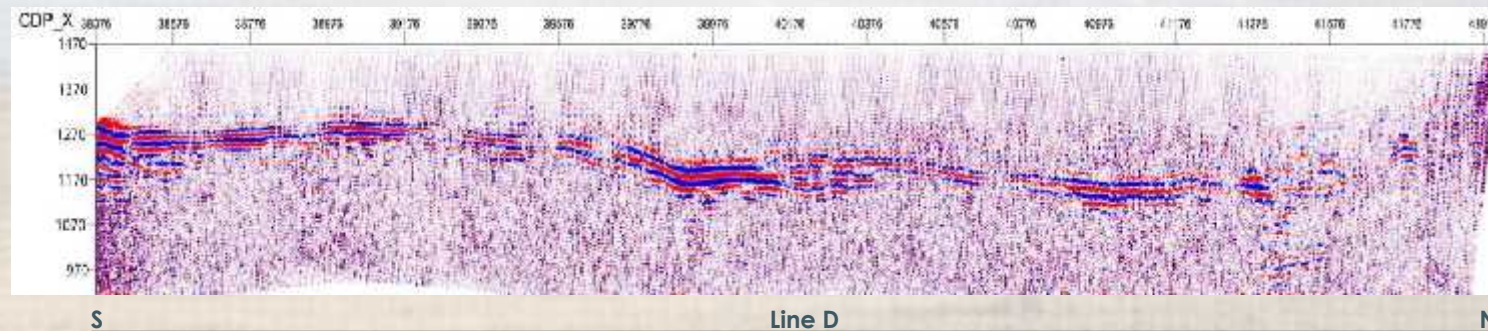
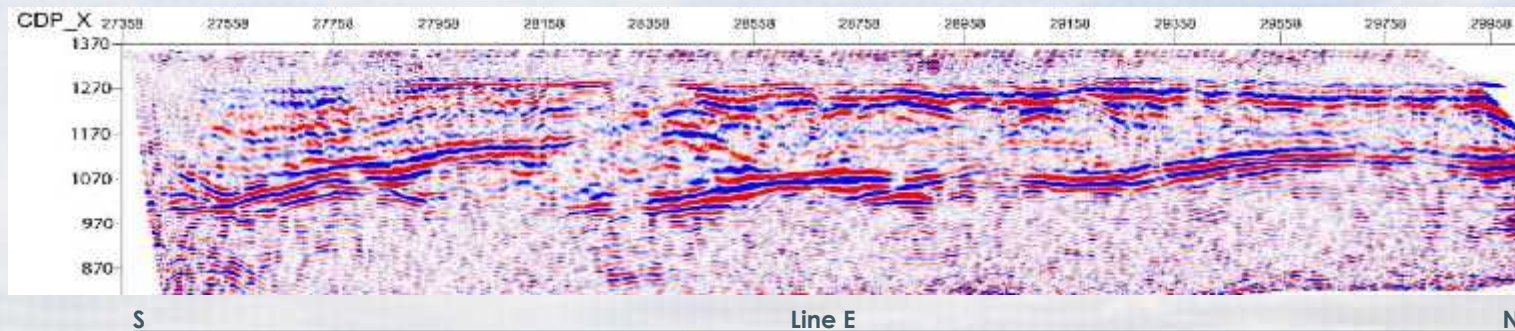
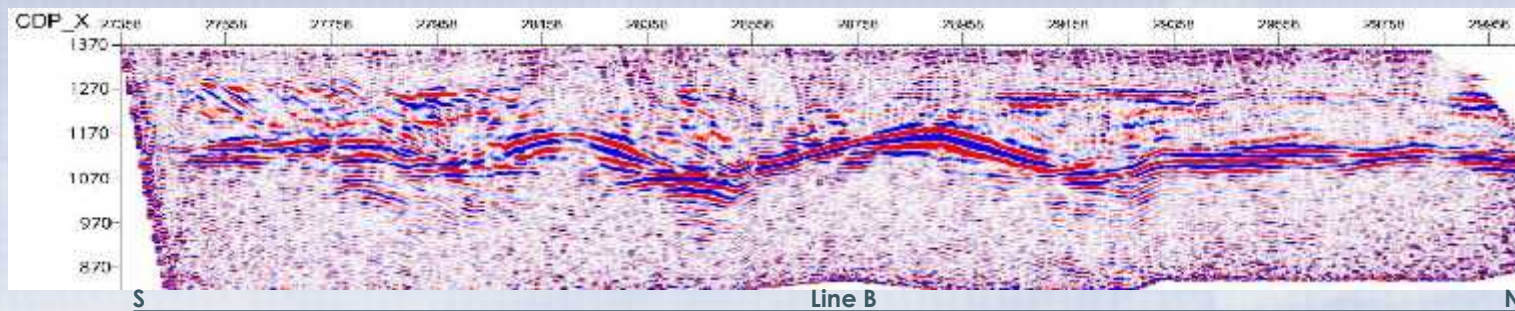
S Line A North N



S Line F N

➡ = Open along strike

The Ulaan Tolgoi Seismic Survey – Interpreted Results



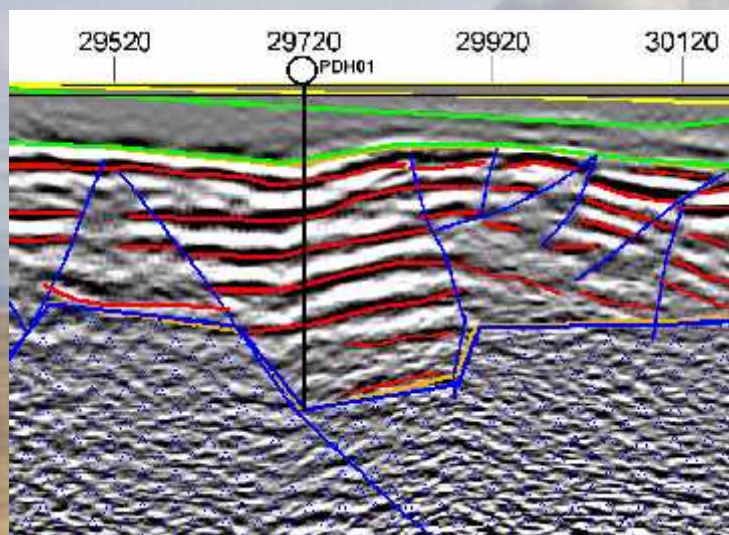
→ = Open along strike

Ulaan Tolgoi Phase 1 Drilling Program March 2014

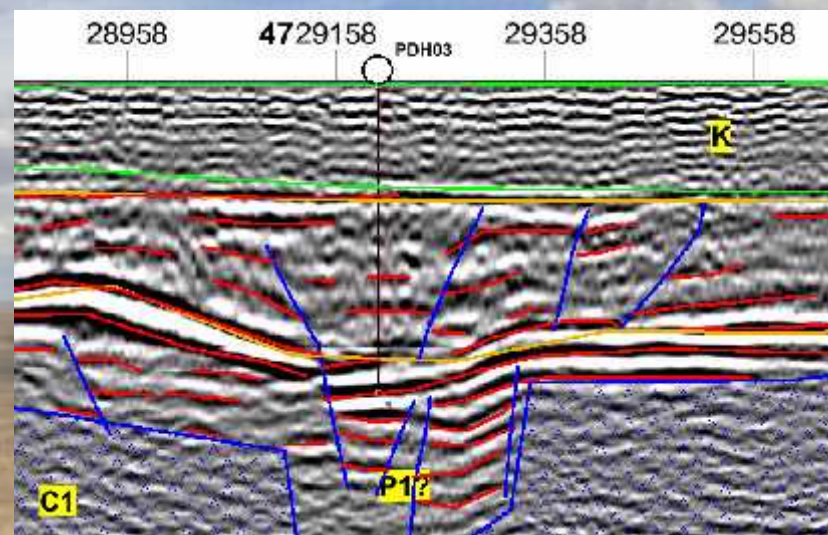
Best fit drill hole locations

In phase one, it is proposed to drill two diamond holes of approximately 300 metres each, into the best prospects identified by Logantek and Nordic Geological Solutions as a pre-cursor to commencing phase two, of a further 1,400 metres.

Newera intends to drill PDH01 (line A) first to be followed by PDH03 (line B). At least the first 50 metres of each hole will be drilled using PCD (open hole diamond - no core) to be followed by cored diamond drilling to the bottom of hole.

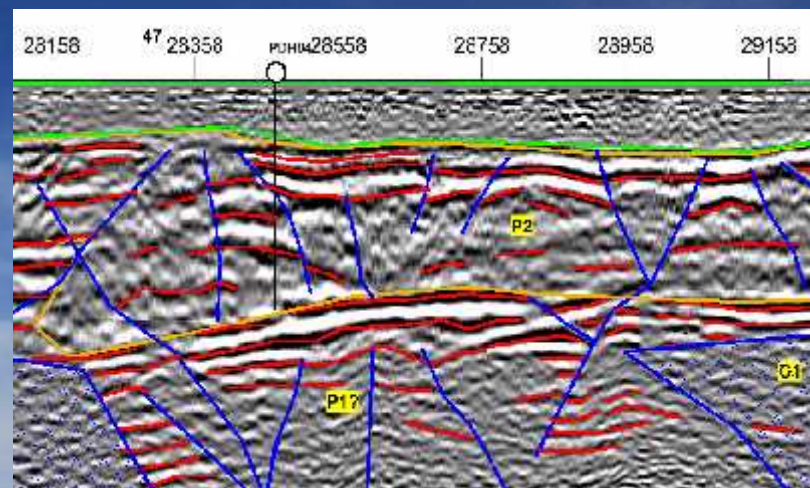


Line A – PDH01.

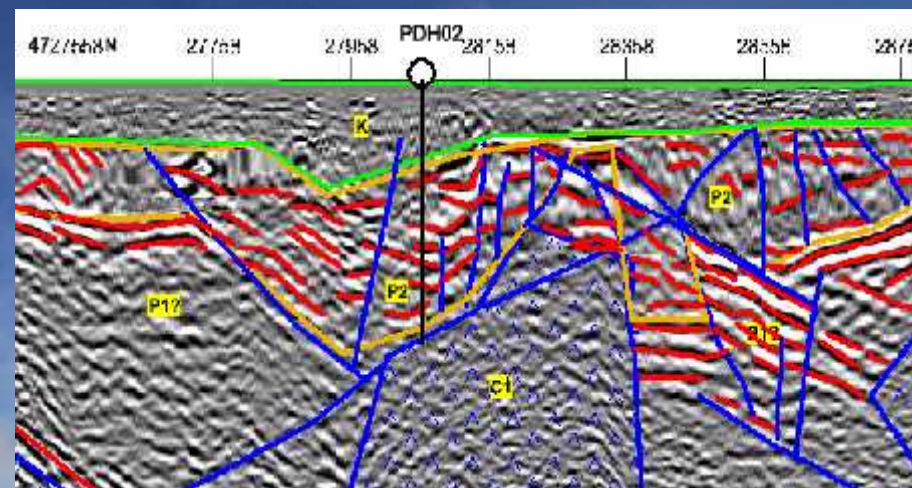


Line B - PDH03.

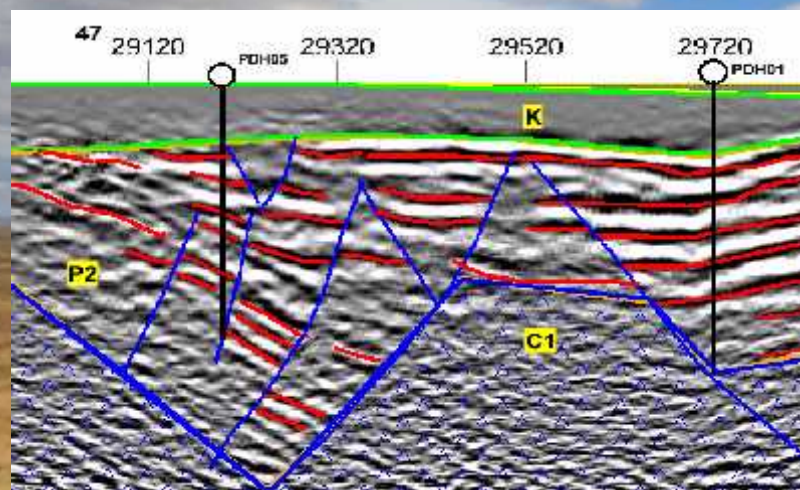
Ulaan Tolgoi Phase 2 Drilling Program March 2014



Line E - PDH04.



Line F - PDH02.



Line A - PDH05.

Mr Martin Blakeman
Executive Chairman

Phone: +61 8 9382 3100

Email: martin@nru.com.au

