

ASX Release

25 March 2015

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Non-Executive Chairman

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## Newera To Proceed With Plomosas Zinc Project Acquisition

- Newera to acquire an initial 51% stake in the high grade Plomosas Zinc Project via its proposed acquisition of Arena Exploration Pty Ltd.
- \$1.25 million convertible note to fund the initial acquisition cost to convert upon a Capital Raising event.
- Targeting a JORC resource within 9 months of completion.
- Mining infrastructure in place to facilitate early start up of operation.

**Newera Resources Limited (ASX: NRU)** ("Newera") is pleased to announce the successful outcome of the Company's due diligence on the high grade Plomosas Zinc-lead-silver Project in northern Mexico. As a result of the positive due diligence, the Company, has moved to exercise its option to acquire Arena Exploration Pty Ltd ("Arena") which in turn has exercised its option to acquire an initial 51% stake in the project with the opportunity to increase that holding to at least 90%. A full outline of the terms of the acquisition has been provided in the ASX announcement of 22 December, 2014.

### Results of Due Diligence

The technical due diligence completed by independent experts suggests:

- the style of mineralisation and tenor of grades have been confirmed along with the prospectivity for identifying significant additional high grade mineralisation;
- targets for immediate drilling and resource definition programs have been identified which are immediately accessible;
- there is moderate capital requirement to refurbish the mine infrastructure which includes production and ventilation shafts and many kilometres of underground mine development.
- underground mine ground conditions and geotechnical requirements have been identified as good and manageable;
- the existing processing plant can be refurbished to treat ore up to a rate of 200 tonnes per day for potential early production but will need to be largely replaced if or when production is increased to 500 – 1,000tpd;

- historically the quality of concentrate produced from Plomosas has been of high quality and in high demand for blending with ore from other operations in the region;
- capital and operating costs are anticipated to be low on a global comparison and in line with other operations in the immediate region. Further work will be required through feasibility studies to confirm and quantify these estimates.

The legal and commercial due diligence has similarly provided comfort as to the status and good standing of the Plomosas tenements and ownership.

### **Funding**

In order to partially fund this initial acquisition, one of the Company's major Shareholders, the Copulos Group, has agreed to provide A\$1,250,000 by way of a convertible note facility that will convert to equity at the same time and same price as the Company's next capital Raising. The key terms of the convertible note are:

- The note has a maturity date of 12 months from establishment;
- The note carries a coupon of 12% with the first 3 months of interest payable in shares at the time of the Capital Raising; and
- Conversion of the notes shall be subject to compliance with section 606 of the Corporations Act

Should a full conversion result in the Copulos Group exceeding a 20% stake in NRU, any unconvertible note facility post the capital raise will carry a coupon of 12% payable in cash on a quarterly basis in advance with this balance to convert at a future capital raising.

### **The Plomosas Project**

The project covers 11 Exploration and Exploitation Concessions totalling 3,019 ha in area with an extensive history of exploration and development in base metal operations. Plomosas is located in the northern Mexican state of Chihuahua, which neighbours Texas, USA, and is accessed by a two hour flight from Dallas.

Records show the Plomosas project to be extremely high grade, with approx. 1.7mt of ore having been mined since 1943, with average historical grades of 15-25% Zinc (Zn) + Lead (Pb) with 40-60 g/t Silver (Ag) and clean mineralogy.

The shallow dipping (10°-40°) mineralisation has been mined in several stages down to 270 metres below surface via room and pillar stopes using traditional air leg drill and blast techniques. The mineralisation continues at depth and there is over 6 km strike of prospective stratigraphic horizon within the tenement package providing for excellent exploration potential and drill targeting.

Company Chief Executive Officer Mr Will Dix said "This is an exciting milestone for Newera as we move into a new phase for the Company. We believe that with the support of the Copulos Group as well as other major Shareholders and the future recapitalisation of the Company, the Plomosas Project is the perfect asset to take advantage of the optimistic outlook for zinc. The project offers significant advantages with the potential for the Company to take advantage of many millions of dollars previously invested in mine infrastructure including underground development where the declines and development drives above the current water level appear to be in competent rock and largely clean and clear. It also offers near term production opportunities and outstanding exploration potential."

Following a capital raising and Shareholder approval, Newera plans to embark on an aggressive in-mine exploration program to identify easily accessible ore close to current mine workings and establish a JORC resource. In parallel the company plans to pursue the final environmental permitting required to re-start operations once the technical and economic merits of the project are established.

An indicative timetable to completion is as follows:

|  |               |
|--|---------------|
| Exercise of option to acquire Arena and Arena exercise option to acquire 51% of Plomosas | 23 March 2015 |
| Announcement of exercise of option on ASX  | 25 March 2015 |
| Execution of transaction documents in Mexico   | 6 April 2015  |
| Dispatch of Notice of Meeting  | 10 April 2015 |
| Shareholders meeting   | 13 May 2015   |
| Complete \$4,000,000 capital raising and complete acquisition of 51% of Plomosas Project | 18 May 2015   |

*Cautionary Statement:*

*The potential quantity and quality of the exploration targets identified in this announcement are conceptual in nature, and there has been insufficient exploration to date to define a mineral resource in accordance with the Australian Code for Reporting of Mineral Resources and Ore Reserves published by the Joint Ore Reserve Committee 2012 ("JORC Code 2012"). Furthermore, it is uncertain if further exploration at its exploration targets will result in the determination of a mineral resource.*

*The potential quantity and grade of an exploration target is conceptual in nature, there has been insufficient exploration to determine a mineral resource and there is no certainty that further exploration work will result in the determination of mineral resources or that the exploration target itself will be realised.*

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**NEWERA PROJECT PORTFOLIO:**

| <b>Location</b> | <b>Project</b>  |
|-----------------|---|
| Mexico:         | Plomosas Project – Development/Prospective for Zinc.                                      |
| Sweden:         | Varmland Project (V100 and V101 Licences) – Prospective for Copper, Gold, Iron and PGE's. |
| Australia:      | Jailor Bore Project – Prospective for Uranium.  |

**Further Information:**

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**Competent Persons' Statement**

*The information in this report that relates to exploration results, data collection and geological interpretation is based on information compiled by Mr Andrew Richards BSc (Hons), Dip Ed, MAusIMM, MAIG, MSEG, GAICD who is a Member of the Australasian Institute of Mining and metallurgy (AusIMM) and Institute of Geoscientists (AIG). Mr Richards has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves' (JORC Code). Mr Richards is a full time employee of Arc Resources Pty Ltd and a director of Newera Resources Limited and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

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