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NEWLAND ANNOUNCES PROPOSED ACQUISITION

As announced earlier today, Newland Resources Ltd (**Newland**) has entered into a letter of intent for the proposed acquisition of a 50% interest in Zeus Petroleum Ltd (**Zeus**), a United Kingdom petroleum exploration company; and a 26% interest in South American Ferro Metals Limited (**SAFM**), a British Virgin Islands company with Brazilian iron ore assets.

Consideration for this acquisition, which is subject to conditions precedent including entry into a binding agreement, due diligence and shareholder and regulatory approvals, is the issue by Newland of 28 million fully paid ordinary Newland shares and \$30 million of 5 year convertible notes with a coupon rate of 8%, convertible at \$0.50 per Newland share.

As announced earlier, Newland attributes a value of \$32 million to the 50% interest in Zeus and \$12 million to the 26% interest in SAFM.

Zeus Petroleum Ltd (50% Newland)

Zeus is a petroleum exploration company, incorporated in England and Wales. Zeus owns 10% of the Athena Field and 100% of various petroleum exploration interests in the British North Sea, being 5 North Sea blocks and a 10% interest in one further part block. These interests are currently being evaluated by Zeus.

Rheochem plc, a dual ASX and AIM listed company (ASX code: **RHE** and AIM code: **RHEP**) owns the other 50% interest in Zeus and is the operator of Zeus. The operator has received recent competent persons reports which estimates total unrisks recoverable prospective resources for the primary and secondary reservoir intervals of identified leads and prospects as follows.

Estimate	Net to Zeus		Net to Newland	
	Prospective STOIP MMstb	Prospective Resources MMstb	Prospective STOIP MMstb	Prospective Resources MMstb
Low	246.1	67.2	123.1	38.6
Best	1023.3	303.9	511.7	151.9
High	3293.8	1167.5	1646.9	583.8

Table 1 – total unrisks recoverable Prospective Resources for Primary and Secondary Reservoir intervals of identified Leads and Prospects.



Athena

Zeus Petroleum 10%

Summary

The Athena block (of which Zeus owns a 10% interest) is in appraisal drilling and now contains a proven and probable (2p) reserve estimated by Ithaca Energy the operator at 29.67 million gross bbls which equates to Newland of 1.48 million bbls net. The operator estimates initial production to be realised at the end of 2009 at approximately 21,000 bbls per day gross or 1055 bbls to Newland.

Ithaca Energy UK (operator of the Athena field) has entered into an exclusivity agreement with Bluewater Energy Services BV to develop the Athena field using the Uisge Gorm Floating Production, Storage and Offloading vessel.

The FPSO can accommodate higher flow rates allowing more rapid depletion of the field and provides the consortium (Zeus 10%) with control of its own destiny in design, execution and timing of the project. Ithaca Energy as operator anticipates that initial production should be realised at the end of 2009 at an approximate rate of 21,000 barrels per day, gross (1050 bbl per day Newland).

The agreement with Bluewater provides for an exclusivity period of 90 days in which to finalise engineering and negotiation of a detailed contract under terms already agreed. Bluewater will modify the FPSO, and then deploy it at the Athena Field from late 2009.

Reserve Category	Athena Reserves (Gross 100%) Mmstb	Athena Reserves (Net to Rheochem) Mmstb
Proved + Probable (2P)	29.67	1.49
Proved + Probable + Possible (3P)	43.88	2.20

Table 2 – Athena (Block 14/18b) Reserves

Further information about Zeus and its assets can be found via Rheochem's website, www.rheochem.com.au, or via the ASX announcements platform at www.asx.com.au.

Haydn Gardner, B.App.Sc and CEO of Rheochem is the qualified person that has reviewed the technical information contained in this press release. Haydn Gardner has 20 years of experience in the oil and gas industry. Mr Gardner has consented to the inclusion of the information about Zeus and its reserves in this release in the form and context in which it appears.

South American Ferro Metals Limited (26% Newland)

SAFM's principal asset is the Ponte Verde iron ore project located in the heart of the iron ore quadrilateral, Minas Gerais, in southern Brazil, close to established mining operations and close to both infrastructure and markets. An additional 2000m (approximately) of further drilling is required for SAFM to establish a JORC compliant resource.

SAFM intends to go into small scale production in the next few months. This is understood to be a low capital expenditure project, as SAFM initially intends to use plant already on site, as well as sell the product at the mine gate into steel mills already operating and needing additional feedstock. Newland understands that this should be an early cash flow generating project.

SAFM also hopes to move the project through its development phase in approximately 12 months and into full production in approximately 12 to 18 months.

For further information:

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