

# Newland Resources Ltd

ABN 13 009 092 068

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31 October 2006

Manager Announcements  
Company Announcements Office  
Australian Stock Exchange Limited  
20 Bridge Street  
Sydney NSW 2000

Dear Sir,

## QUARTERLY REPORT FOR THE PERIOD ENDING 30 SEPTEMBER 2006

The quarter to 30 September continued to be a little lacklustre as the resources market hovered between commodity price performance and economic indicators, whilst still showing some caution regarding the uneasy peace in the Middle East. The commodity prices varied again during the quarter but we still believe that the sector is positioned for further rises.

### Resources Investment Trust (REIT)

The Resources Investment Trust plc voted at a meeting on 3 October 2006 to wind up its portfolio and seek liquidation. Pursuant to the notice period as previously announced there remains 16 monthly payments to be made under the services agreement. Depending upon the performance of the Trust as measured by its net asset value in relation to the benchmark, there may or may not be performance fees receivable during the remainder of the notice period. Newland (NRL) considers the passing of the resolution was a repudiatory breach of the Management Services Agreement between ReIT and NRL.

Accordingly that agreement has been terminated with immediate effect and NRL are seeking damages of not less than £4m (approx A\$10m) in respect of the alleged breach.

The Board of NRL has sought senior legal advice on this matter and are pursuing what they have been advised is a well founded claim arising from the repudiatory breach.

Over the past year, Resources Investment Trust plc has been an outstanding performer under the management of Newland Resources Ltd and we find the action by the company to be quite extraordinary.



## Ocean Resources Capital Holdings plc

This contract is for a limited period of time and Resources Services (BVI) Limited is remunerated as to 25% of any adjusted increase over 33p per share on the wind up of Ocean in June 2007 and 35% of any consideration above 50p per share. A realisation of 40p per Ocean share would give a fee of in excess of £1.7m (A\$4m) to Resources Services. A realisation of 50p per Ocean share would give a fee of in excess of £3.4m (A\$8m), and a realisation of 60p per Ocean share would give a fee of in excess of £6.3m (A\$15m).

## Corporate

The Company's resources are in a healthy position with net cash of A\$2.9m, receivables (including fees and brokers' accounts) of A\$0.7m, and investments with a market value of A\$11.98.

The Board is taking steps to expand business in the financial services sector and to that effect the issue of a UK Financial Securities Authority Licence has now been achieved. The Company has embarked on business investment opportunities in China, Africa and Asia with a view to expanding its funds-under-management businesses and is constantly seeking new opportunities for both the funds management as well as direct investments.

The Company is also in the process of considering a potential reorganisation of the group. The Board is currently assessing the viability of dividing Newland's Australian and United Kingdom businesses. The primary aim of the division is to create an expanded UK-based business with funds under management in a number of international sectors including resources, property and emerging markets whilst leaving the Australian business to focus on new and existing resource projects and investments. It is anticipated that the UK business will be separately listed on the Alternative Investment Market of the London Stock Exchange (AIM), and that the Australian business will remain listed on Australian Stock Exchange Limited. The Board has not currently determined the exact mechanism for the reorganisation of the group and is taking appropriate financial, legal and taxation advice on the proposal. It is intended that the matter will be put to a general meeting of shareholders for consideration once the proposal has been fully developed. Further and fuller details of the proposal will be released to Australian Stock Exchange Limited in due course.

## Minerals

### Mt Garnet Mines NL

Newland Resources Ltd, through its wholly owned subsidiary, Mt Garnet Mines NL, has a residual interest in the Mt Garnet leases currently beneficially owned by Kagara Zinc Ltd. During the quarter, Newland did not receive any fees for its share in the residual interest.

Kagara Zinc have advised that they have ceased drawing ore from the Mt Garnet lease and will not be mining from Mt Garnet in the immediate future. It is not known when they will recommence drawing ore from the Mt Garnet lease.

### Georgina Basin Uranium project, Mt Isa Queensland

Subsequent to the end of the financial year, Newland entered into a farm in agreement with Summit Resources Limited ("Summit") (ASX code SMM) over 16 Exploration Permits covering 12,000km<sup>2</sup> of the Georgina Basin to the west of the Mount Isa Inlier in northwest Queensland.

Newland has agreed to commit to sole fund the first \$1.0 million of exploration expenditure and then has the right to sole fund a total of \$5.0 million expenditure for a 50% interest. Under the terms of the farm-in and joint venture agreement Summit is manager and operator of the joint venture, has a casting vote whilst it is the manager, retains management whilst it holds 30% or greater interest in the Georgina Basin Uranium Project and has the rights to treat ores mined from the venture at its proposed Mount Isa uranium processing operations.

The joint venture has reached agreement with the Queensland government to commence immediately a detailed airborne EM geophysical survey, to acquire night time satellite thermal imagery and to combine this information base with detailed regional magnetic, radiometric and gravity data, known geology and stratigraphic drilling to select target areas for drilling and downhole radiometric logging.

The Cambrian Georgina Basin, under application, has geologic characteristics which are similar to known sedimentary type uranium deposits being mined and evaluated elsewhere in the world and within Australia. These deposits are in the order of 10 to 200 million pound resources and generally exploited by conventional shallow open pit or in situ leach (ISL) mining operations. Similar basins elsewhere in the world with uranium deposits and mine operations include the Wiluna lake systems in Western Australia, the Frome Basin in South Australia, the Ngalia Basin in Northern Territory, the Athabasca Basin in Canada and the Wyoming Basin in USA.

Proterozoic basement uranium deposits under the Cambrian sediments, associated with magnetic features similar to Summit Resources Limited's Mount Isa deposits, the Ernest Henry and Olympic Dam complex breccia deposits, will also be targeted in the search.

The uranium deposit types being targeted by the joint venture's search are:

- Calcrete channel deposits;
- Roll front deposits;
- Paleo channel deposits;
- Unconformity related deposits; and
- Basement complex breccia deposits

Whilst the area has not been previously subjected to a uranium search, uranium mineralisation is known to be present in the Georgina Basin sediments within the application areas. Previous base metal exploration reports note the presence of anomalous uranium in a number of stratigraphic bore holes. Also, extensive radiometric channel anomalies are present along existing and shallow paleo channels.

The source of the uranium and the anomalies in the Georgina Basin area under application is considered to be the known uranium deposits and prospects of the outcropping Proterozoic Mount Isa Inlier immediately to the east. Drainages from this highly uraniferous province, where the Company's joint venture partner already controls the majority of the uranium deposits and prospects, are thought to transport dissolved uranium into the Georgina Basin sediments, to the southwest, where it is subsequently reprecipitated in reducing environments and associated structural traps.

The market for uranium is strong worldwide and prices for uranium concentrate (yellow cake) are rising steadily from around US\$10 pound four years ago to over US\$56 pound now.

Yours faithfully,  
for NEWLAND RESOURCES LTD



Lindsay A Colless  
Director

# Appendix 5B

## Mining exploration entity quarterly report

Name of entity

**NEWLAND RESOURCES LTD**

ABN

13 009 092 068

Quarter ended ("current quarter")

30 September 2006

### Consolidated statement of cash flows

|   | Current Quarter<br>\$A'000 | Year to date<br>(3 Months)<br>\$A'000 |
|---|----------------------------|---------------------------------------|
| <b>Cash flows related to operating activities</b>               |                            |                                       |
| 1.1 Receipts from product sales and related debtors             | 479                        | 479                                   |
| 1.2 Payments for  |                            |                                       |
| (a) exploration and evaluation                                  | (250)                      | (250)                                 |
| (b) development   | -                          | -                                     |
| (c) production  | -                          | -                                     |
| (d) administration - general                                    | (319)                      | (319)                                 |
| personnel   | (154)                      | (154)                                 |
| professional fees   | (359)                      | (359)                                 |
| 1.3 Dividends received  | -                          | -                                     |
| 1.4 Interest and other items of a similar nature received       | 45                         | 45                                    |
| 1.5 Interest and other costs of finance paid                    | (2)                        | (2)                                   |
| 1.6 Income taxes paid   | (62)                       | (62)                                  |
| 1.7 Other   |                            |                                       |
| UK VAT – net  | 10                         | 10                                    |
| Performance fees paid   | -                          | -                                     |
| <b>Net operating cash flows</b>                                 | <b>(612)</b>               | <b>(612)</b>                          |
| <b>Cash flows related to investing activities</b>               |                            |                                       |
| 1.8 Payment for purchases of                                    |                            |                                       |
| (a) prospects   | -                          | -                                     |
| (b) equity investments  | (4032)                     | (4032)                                |
| (c) other fixed assets  | -                          | -                                     |
| 1.9 Proceeds from sale of                                       |                            |                                       |
| (a) prospects   | -                          | -                                     |
| (b) equity investments  | 3741                       | 3741                                  |
| (c) other fixed assets  | -                          | -                                     |
| 1.10 Loans to other entities (note 3)                           | (150)                      | (150)                                 |
| 1.11 Loans repaid by other entities                             | -                          | -                                     |
| 1.12 Other (provide details if material)                        | -                          | -                                     |
| <b>Net investing cash flows</b>                                 | <b>(441)</b>               | <b>(441)</b>                          |
| 1.13 Total operating and investing cash flows (carried forward) | (1053)                     | (1053)                                |

|      |  |        |        |
|------|--|--------|--------|
| 1.13 | Total operating and investing cash flows (brought forward) | (1053) | (1053) |
|      | <b>Cash flows related to financing activities</b>          |        |        |
| 1.14 | Proceeds from issues of shares, options, etc.              | -      | -      |
| 1.15 | Proceeds from sale of forfeited shares                     | -      | -      |
| 1.16 | Proceeds from borrowings                                   | -      | -      |
| 1.17 | Repayment of borrowings                                    | -      | -      |
| 1.18 | Dividends paid   | -      | -      |
| 1.19 | Other (provide details if material)                        | -      | -      |
|      | <b>Net Financing Cash Flows</b>                            | -      | -      |
|      | <b>Net increase (decrease) in cash held</b>                | (1053) | (1053) |
| 1.20 | Cash at beginning of quarter/year to date                  | 4188   | 4188   |
| 1.21 | Exchange rate adjustments to Item 1.20                     | (29)   | (29)   |
| 1.22 | <b>Cash at end of quarter</b>                              | 3106   | 3106   |

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

|      |  | Current quarter<br>\$A'000 |
|------|--|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 189                        |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10   | -                          |

Explanation necessary for an understanding of the transactions

|  |        |
|--|--------|
| Payments to companies associated with directors for:                 | \$'000 |
| Administration & company secretarial fees - parent                   | 24     |
| Management consulting fees - parent                                  | 16     |
| Salary and entitlements re investor relations & business development | 49     |
| Technical consulting   | 14     |
| Management consulting fees – UK subsidiary directors                 | 82     |
| Brokers commission   | 4      |

**Non-cash financing and investing activities**

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not included in the reported cash balance is some A\$441,200 held in trust by the Group's sharebrokers.

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

## Financing facilities available

*add notes as necessary for an understanding of the position*

|                                 | Amount available<br>\$A'000 | Amount used<br>\$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities             | -                           | -                      |
| 3.2 Credit standby arrangements | -                           | -                      |

## Estimated cash outlays for next quarter

|                                | \$A'000 |
|--------------------------------|---------|
| 4.1 Exploration and evaluation | -       |
| 4.2 Development                | -       |
| <b>TOTAL</b>                   | -       |

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the statement of cash flows) to the related items in the accounts is follows.

|   | Current Quarter<br>\$A'000 | Previous Quarter<br>\$A'000 |
|---|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank                    | 3106                       | 4188                        |
| 5.2 Deposits at call                            | -                          | -                           |
| 5.3 Bank overdraft                              | -                          | -                           |
| 5.4 Other                                       | -                          | -                           |
| <b>Total: cash at end of quarter (item1.22)</b> | <b>3106</b>                | <b>4188</b>                 |

## Changes in interests in mining tenements

|     | Tenement Reference  | Nature of Interest [note (4)]                                    | Interest at Beginning of Quarter | Interest at End of Quarter |
|-----|---|--|----------------------------------|----------------------------|
| 6.1 | Interests in mining tenements relinquished, reduced or lapsed |  |                                  |                            |
| 6.2 | Interests in mining tenements acquired or increased           | EPM 15744 to EPM 15759 & EPM 14624<br>Right to earn 50% interest | 0%                               | 0%                         |

## Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates

|   | Total number | Number quoted | Issue price per security (see note 3) (cents) | Amount paid up per security (see note 3) (cents) |
|---|--------------|---------------|---|--|
| 7.1 <b>Preferences securities</b><br><i>(description)</i>   |              |               |   |  |
| 7.2 Changes during quarter<br>(a) increases through issues<br>(b) decreases through returns of capital, buybacks, redemptions |              |               |   |  |
| 7.3 <b>Ordinary securities</b><br><i>Fully paid</i>   | 163,777,571  | 163,777,571   |   |  |
| 7.4 Changes during quarter<br>(a) increases through issues<br>(b) decreases through returns of capital, buybacks              |              |               |   |  |
| 7.5 <b>Convertible debt securities</b><br><i>(description)</i>  |              |               |   |  |
| 7.6 Changes during quarter<br>(a) increases through issues<br>(b) decreases through securities matured, converted             |              |               |   |  |
| 7.7 <b>Options</b><br><i>Employee options</i>   | 4,094,439    | -             | <i>Exercise price</i><br>8                    | <i>Expiry date</i><br>03/07/2011                 |
| 7.8 Issued during quarter<br><i>Employee options</i>  | 4,094,439    | -             | 8   | 03/07/2011                                       |
| 7.9 Exercised during quarter  |              |               |   |  |
| 7.10 Expired during quarter   |              |               |   |  |

