

New South Resources Pty Ltd

Update to Shareholders– September 2016

New Board Members, NSW Government Drilling Grant Awarded, Capital Raising Complete, Drilling to Commence next Quarter

It is with great pleasure that I bring you this shareholder update.

Much has progressed since the last shareholder update in March. In April Mackenzie Nichols and Ian Schache stepped down as long standing Directors. Their visions, hard work and positive contributions over many years are appreciated.

Chip Nichols and Steve Brown continue as Directors and they welcomed new Directors Michael Diemar and Chris Ryan. I have been appointed as alternate Director to Michael Diemar. Since May, monthly board meetings have resulted in constructive planning and forward strategy.

Earlier this week, the maximum \$200,000 drilling grant was awarded to NSR by the NSW government ([link to government announcement](#)) to drill three 350m holes at Dobroyde targeting a deep porphyry. Only fifteen NSW projects from forty submissions were awarded a grant up to a maximum of \$200,000. The CEO commented *“This demonstrates the quality of the Dobroyde target as one of the best in NSW and we are extremely happy to be awarded this grant and to form a cooperative partnership with the NSW Government. We are looking forward to drilling at least two of the three holes in the coming quarter. The third hole is more conceptual in nature so it will only commence once results of the first two are known”*.

The oversubscribed capital raising completed over the last two quarters was a success and positions the company for a strong future. Thank you to all those involved and a warm welcome to new shareholders.

Further to the above, the last few months have been very busy for NSR including:

Geology/Operations

Dobroyde and Forest Hill Projects

- ✓ Dobroyde geological mapping and spectral analysis discovered a 4.0km long and 3km wide argillic alteration anomaly, the mapping also provides more confidence in the northern drill targets.
- ✓ NSR Board and CEO completed a field trip to Dobroyde and Forest Hill to introduce the new board members to the projects and discuss forward strategy.
- ✓ NSW government environmental and safety approvals granted for Dobroyde drilling, as well as land holder and Junee council consultations and acceptance.
- ✓ Forest Hill geophysics 3D inversion modelling has located a target on the northern zone which warrants further work.

Oberon Exploration Licence

- ✓ Large historic geophysics programme being digitised and remodelled to aid in the planned exploration programmes. This IP was completed in 1964 over NSR’s entire 8km long VMS trend.

Corporate

- ✓ Board of Directors: Chip Nichols, Steve Brown, Michael Diemar, Chris Ryan. CEO and alternate director to Mike Diemar, Glen Diemar.
- ✓ Capital raise completed.
- ✓ Cooperative NSW government drill funding awarded \$200,000 to Dobroyde drilling.

- ✓ Due to the quality and growing size of the Dobroyde, NSR have been approached for joint ventures. Discussions are taking place to gain a strategic partner however the planned drilling discussed above will be undertaken prior to completion of any deals.
- ✓ Second hand 4x4 vehicle purchased for field work.
- ✓ Noosa Morgan's Mining and Investment Conference attended, CEO met with Morgan's analysts and capital raising team to discuss the future of NSR.

Other News

- ✓ NSR agreed to join a research Linkage Project headed by the University of Tasmania with Australian Research Council researching titled "Ore deposits and tectonic evolution of the Lachlan Orogen, SE Australia". There are nine companies (four of which are multi-billion market cap), five universities and four state and federal government resource organisations involved in the project. NSR see this collaboration as a vital step for:
 - ✓ Being among the first in line in gaining quality exploration ground opened through new research.
 - ✓ First hand access to modern research on the Lachlan Fold Belt.
 - ✓ Marketing and showcasing NSR within the closed group of companies.
 - ✓ A cost effective way of gaining honours or masters students to research our advanced projects.

Near Term

- ✓ Drilling to start next quarter.
- ✓ Mapping, ground work and interpretation of data at Dobroyde continues to further de-risk the planned drilling.
- ✓ JV discussions progressing, primarily concerning Dobroyde.

New South Resources is quickly becoming a stronger company with bright prospects. All of the NSR team are grateful for your continuing support as shareholders we look forward to another exciting few months ahead.

Kind Regards

Glen Diemar
Chief Executive Officer

