



NEW WORLD ALLOYS LIMITED

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14 June 2007

The Company Announcements Platform
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

RESTRUCTURE AND REFINANCING OF CONGO ASSETS

The Directors of New World Alloys Limited (**NWA**) are pleased to advise that NWA has entered into a Heads of Agreement (**Agreement**) with Sino-Asia Mining & Resources plc (**SAMR**) to restructure its assets in the Democratic Republic of Congo.

Under the Agreement, NWA will transfer its interest in two of its subsidiaries, Nova Mining SPRL (**Nova**) and Macro Mining (**Macro**) (which in turn owns 80% of Phoenix Resources) for the issue of 166,666,667 shares in the capital of SAMR at a deemed issue price of 2p each (**Consideration Shares**). At the time of the transfer, NWA will hold 87% of SAMR. Subsequent to settlement of the transfer, SAMR proposes to undertake a fund raising of approximately £1,500,000 at 2p. At the completion of that raising, NWA will hold 62% of SAMR. SAMR further intends to seek admission to the Alternative Investment Market in London (**AIM**) at which time they intend to raise a further £2,000,000. The proposed pricing of the second fund raising will be in the region of 10p. NWA's diluted position in SAMR would then be 58%. At the completion of all raisings, Sino-Asia will still be a subsidiary of NWA and NWA will retain its controlling interest in the operations.

The purpose of this rationalisation is to enable the Company to raise third party funds in UK specifically for the Congo operations and to access the management team of SAMR in London. The Board of NWA is of the opinion that with the operations properly funded and managed, the furnaces will return to profitable operating.

SAMR is a company resident and registered in the United Kingdom. SAMR has approximately 26 million shares on issue prior to the transfer and there is no prior relationship between SAMR and NWA.

Mr David Mahoney, 59, is a director and Chief Executive Officer of SAMR and is a former resource banker (Chase Manhattan and HSBC) with extensive experience of project development having been executive director of Lafayette Mining Limited (ASX:LAF) during the recent successful development of their polymetallic mine at Rapu Rapu. Prior to that he was CEO of Climax Arimco and oversaw the completion of the bankable feasibility study for the Didipio copper/gold project. Mr Mahoney holds degrees in Law and Economics and holds both British and Australian citizenship.

Mr David Cather, 47, Executive Director of SAMR, is a mining engineer with extensive operational experience in the development and management of a wide range of resource projects. Mr Cather has recently held senior executive positions both at operational and line management levels with both Anglo American plc and, formerly,

with de Beers. Mr Cather is a Chartered Engineer, a member of IoM3, is a Competent Person and is a British citizen.

Mr Cather's experience in the global mining industry will provide the depth of experience at the technical and operational level, whilst Mr Mahoney's access to the London capital markets will ensure the proper capitalisation of the operations. Having the management based in London also ensures that the management of the operations are carried out within more suitable time zones.

Settlement is conditional on the satisfaction (or waiver by NWA) of the following conditions precedent by 31 December 2007:

- (a) NWA entering a lock-in agreement with SAMR pursuant to which NWA will be subject to certain restrictions in relation to the Consideration Shares for a period of 24 months (**Lock-In**) or such shorter period as may be agreed between the parties;
- (b) NWA and SAMR entering into a formal sale and purchase agreement to fully document the terms of the Sale;
- (c) NWA and SAMR obtaining all required regulatory and shareholder approvals to complete the transactions contemplated by the Agreement;
- (d) SAMR raising approximately £1,500,000 through the issue of shares at 2p each;
- (e) SAMR being satisfied with its due diligence investigations in relation to various aspects of the projects being acquired, which will include the provision of various independent expert reports within 60 days.

On or before Settlement, NWA will enter into an exploration joint venture agreement (with Phoenix and Macro) in respect of the exploration licences held by Phoenix (**Exploration Licences**) and exploration licence applications held by Macro (**Exploration Licence Applications**). Pursuant to the joint venture agreement, NWA will retain a 30% interest in the Exploration Licences and Exploration Licence Applications and will fund 30% of all expenditure incurred in respect of the Exploration Licences and Exploration Licence Applications.

Following Settlement, SAMR will use the funds raised referred to above to bring the 3 copper cupolas owned by Nova back into production, to carry out initial investigation of the Exploration Licences and Exploration Licence Applications and to fund investigation of on-site concentration of lower grade oxide ores.

Following Settlement Mr Ian Cornelius and Mr Gerard Zytow will be appointed to the Board of SAMR representing NWA.

Please contact the undersigned if you have any queries regarding this matter.

Yours faithfully,

For **NEW WORLD ALLOYS LTD**



Lindsay Colless
Director