NEW ENERGY MINERALS

(formerly Mustang Resources Ltd)

ABN 34 090 074 785

Interim Financial Report for the Half-Year Ended
31 December 2018

CORPORATE DIRECTORY

This half-year report covers the consolidated entity consisting of New Energy Minerals Ltd (the "Company" or "New Energy") and the entities it controlled during the half-year ended 31 December 2018 ("Consolidated Entity" or "Group"). The Group's presentation currency is Australian Dollars.

OFFICERS	Ian Daymond (Non-Executive Director, Chairman) Bernard Olivier (Managing Director) Cobus van Wyk (Chief Operating Officer & Executive Director) Christiaan Jordaan (Non-Executive Director) Evan Kirby (Non-Executive Director) Robert Marusco (Company Secretary)
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PRETORIA OFFICE	Mustang Resources (Pty) Ltd Boardwalk Office Park, Phase 4, Block 5 Unit 5/6 107 Haymeadow Street, Faerie Glen, 0043 Pretoria South Africa
MAPUTO OFFICE	Mustang Resources Limitada Avenida Martires de Machava N1569, 2andar, Esq Maputo
SOLICITORS	Steinepreis Paganin Level 4, 16 Milligan Street Perth WA 6000
AUDITORS	HLB Mann Judd Level 4, 130 Stirling Street Perth WA 6000
SHARE REGISTRY	Computershare Investor Services Pty Ltd Level 11, 172 St Georges Terrace Perth Western Australia 6000 Telephone: 1300 850 505 (within Australia) +61 3 9415 4000 (outside Australia) Facsimile: +61 3 9473 2500
ASX CODE	NXE

Directors' report

Your Directors submit this report for the half-year ended 31 December 2018.

Directors

The names of the Directors of New Energy Minerals Ltd in office from the beginning of the half-year until the date of this report are:

Ian Daymond (Non-Executive Director, Chairman)
Bernard Olivier (Managing Director)
Cobus van Wyk (Chief Operating Officer & Executive Director)
Christiaan Jordaan (Non-Executive Director)
Evan Kirby (Non-Executive Director)

Review of Operations

Operating results

The net loss for the Consolidated Entity for the half-year was $6,414,984 (2017: net loss of $16,626,196).

Operational overview

The Company continued with the development of its vanadium and graphite exploration projects in Mozambique with a principal focus on the Caula Vanadium-Graphite Project. The Caula Vanadium-Graphite Project is being developed by New Energy under an operational management agreement with Regius Resources Group Ltd which has a long history of operating in Mozambique.

The Group's ability to continue as a going concern is dependent upon its ability to raise additional capital. The Company is currently in the exploration stage and has not yet developed a commercial mining operation. While the Directors will be expending their best efforts to generate revenue and raise capital, the generation of sufficient revenue and the raising of additional capital cannot be assured.

Because of the above uncertainties and noting the emphasis of matter contained in the auditor's report relating to the half-year review, there may be doubt about the Group's ability to continue as a going concern and doubt that it may be able to realise its assets and discharge its liabilities in the normal course of business. However, the Directors are of the opinion that, as at the date of these consolidated financial statements, the Group is a going concern.

Montepuez Ruby Project, Mozambique

On 17 July 2018, New Energy announced that it had entered into a Merger of Ruby Assets Agreement ("**MRAA**") for its Montepuez ruby assets with Fura Gems Inc ("**Fura**") for approximately (subject to exchange rate) 10.5 million in shares in Fura. Under the terms of that agreement, the shares were to be issued to New Energy in three tranches over 20 months from closing. The agreement contained a commitment by Fura to invest $25 million in further exploration and resource definition work on its expanded Montepuez Project over 3 years, subject to continued exploration success.

On 29 November 2018, New Energy announced that the terms of the MRAA with Fura had been amended by an agreement by the parties dated 26 November 2018 ("**Amending Agreement**").

Under the terms of the Amending Agreement, consideration payable to New Energy on closing of the transaction will now be $2.8 million in cash, rather than the originally agreed 10.5 million Fura shares to be issued to the Company over a 20-month period from closing.

The parties also have agreed to extend the "drop-dead date" of the agreement from 30 November 2018 to 31 March 2019, to allow for the satisfaction of the remaining conditions precedent, principally being a binding tax opinion from the tax authorities in Mozambique and Ministerial approval. In the event that the Company has not obtained and supplied all the outstanding documents and approvals required for closing to occur on or before the drop-dead date, the MRAA will thereupon terminate provided that the parties may mutually agree to extend the closing date or Fura may exercise a unilateral right to extend the closing date until all conditions are met. As of the date of the publication of this half-year report, Fura and New Energy were still finalising satisfaction of the remaining conditions precedent, mainly relating to approval for the transaction from the Mozambican authorities and the receipt of a binding tax opinion being received by New Energy.

Concurrently with the Amending Agreement, New Energy also entered into a Loan Agreement with Fura for the aggregate amount of $2.8 million (the "**Commitment**"). In terms of the Loan Agreement the Company will be able to draw down funds prior to completion of the MRAA as amended for purposes of settling any claims or disputes with Arena Investors, should this be required. Any funds drawn under the Loan Agreement will bear capitalised interest at 15% per annum and the loan is unsecured. The Loan Agreement automatically terminates, and the payment of all accrued capitalised interest is waived by Fura upon the closing of the MRAA as amended.

If the MRAA is terminated, then all advances made by Fura to New Energy under the Loan Agreement will be repayable by New Energy with interest.

The Loan Agreement is conditional on Fura obtaining TSX approval for the loan within 21 business days and any advance by Fura under the Loan Agreement is conditional on either (i) Arena withdrawing its Statutory Demand, or (ii) Arena agreeing to withdraw the Statutory Demand conditional upon receiving an amount of money from the Company not exceeding the amount of the Commitment.

Caula Graphite Project, Mozambique

The Caula Deposit is located along strike from Syrah Resources' (ASX:SYR) world-class Balama graphite project in Mozambique.

During October 2018, New Energy released the Scoping Study on its Caula Vanadium-Graphite project in Northern Mozambique. The Company commissioned Bara International ("**Bara**") to coordinate and complete a scoping study report, which demonstrated the viability of an open pit vanadium and graphite mining operation, with exceptional economics and a 26-year mine life, based entirely on the JORC Measured Resources for both vanadium and graphite. The Scoping Study is prepared on a 100% ownership basis.

The results of the Scoping Study indicate the potential to generate significant financial returns through a two-phase development schedule, for an open pit vanadium and graphite mining operation with:

- The entire Life of Mine based on the JORC 2012 Measured Resources for both Vanadium and Graphite
- The Caula deposit being technically and financially viable with no immediate or obvious impediments to mining
- An Outstanding Life of Mine strip ratio of 1:1

Phase 1 (Pilot Plant) Key Study Outcomes

- Pre-production capex of approximately US$7.36 million (AU$10.16 million)
- Mine production rate of approximately 120,000 tonnes per annum over two years
- Estimated annual production of approximately 10,000 to 15,000 tonnes of graphite concentrates and 14,000 to 18,000 tonnes of vanadium concentrates over two years
- Generating approximately US$16 million (AU$22 million) total EBITDA over first 2 years with Phase 2 commissioned in Year 3

Phase 2 Key Study Outcomes

- Pre-production capex of approximately US$114 million (AU$157 million) with construction scheduled to commence in Year 2 of Phase 1
- Estimated mine production rate of 1.5 Mtpa
- Estimated annual production of approximately 120,000 tonnes of graphite concentrates and approximately 204,200 tonnes of vanadium concentrate (1.7% V2O5 flake) per year over 24 years
- Generation of approximately US$2.68 billion (AU$3.4 billion) total EBITDA over 24 years
- Total project Pre-Tax NPV10 estimated to be approximately US$673 million (AU$929 million
- Total project Pre-Tax IRR estimate of 78%
- Total project Post Tax NPV10 estimated to be approximately US$448 million (AU$619 million)
- Total project Post-Tax IRR estimate of 59%
- Total project post tax Payback less than 4 years from start of phase 1 production (see Appendix 2 for a detailed sensitivity analysis

For the Scoping Study, 1,877 metres of diamond drilling over 16 drillholes and 99 metres of RC drilling (1 drillhole) were completed by the Company. Approximately 4,000 metres of additional drilling, sampling, assaying and further testwork are underway (drilling and sampling completed) to support Reserve definition and pre-feasibility studies.

The Caula Graphite and Vanadium Project consists of 2 exploration licenses totaling more than 16,790ha, and is located along strike from, amongst others, the Balama graphite project of Syrah Resources Ltd (SYR:ASX) - a company valued at ~A$600 million (see Figure 1 below).

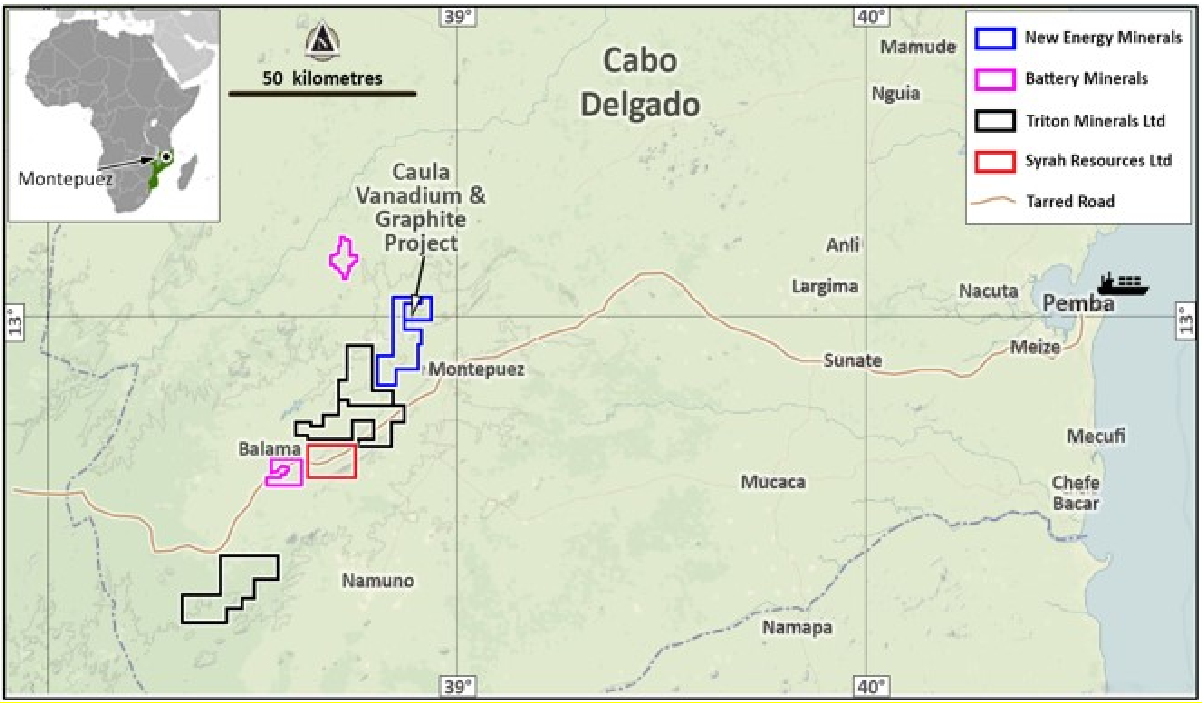

Figure 1: Location of Caula Vanadium-Graphite project

Exploration results from the project area confirm wide (172m) high-grade intersections averaging 14.7% TGC and 0.47% V2O5 (MODD018) including zones of up to 29% Total Graphitic Carbon (TGC), as well as vanadium grades of up to 1.9% V2O5. Metallurgical testwork has also returned excellent flake size distribution results with up to 68% of flake sizes falling into the Large, Jumbo and Super Jumbo flake size categories.

In July 2018 the Company announced both its maiden Vanadium JORC Mineral Resource and upgraded Graphite JORC Mineral Resource. The maiden Vanadium Resource, all in the Measured Category, is 22Mt at 0.37% vanadium pentoxide (V2O5) (0.2% cut-off) for a total of 81,600 tonnes of contained vanadium pentoxide. The upgraded Graphite Resource, all in the Measured Category is 21.9Mt at 13.4% TGC (8% cut-off) for a total of 2,933,100 tonnes of contained graphite. The Company considers this combined graphite and vanadium Resource provides the potential for a unique dual income stream for the project from two commodities in high demand.

Further in October 2018, New Energy announced that preliminary vanadium testwork on ore from the Fresh Zone of the Caula Graphite-Vanadium Project in Mozambique, produced outstanding recovery and concentrate results, from bench-scale metallurgical testwork. Through the integrated graphite and vanadium flowsheet, the testwork utilised Wet High Intensity Magnetic Separation (WHIMS) on composite samples, which resulted in a Cleaner Concentrate grade of 1.66% V2O5, with a recovery rate of 80.6%. Results were achieved from an overall feed grade of 0.401% V2O5, before graphite extraction. These excellent preliminary vanadium metallurgical results from the WHIMS testwork further demonstrates the potential of combined vanadium and graphite extractions from the Caula Project.

The Company is progressing with additional testwork which will produce a bulk sample of high-grade graphite concentrate for evaluation of downstream processing characteristics. Tailings from this graphite flotation work will be used in additional vanadium concentrate recovery tests, including testing of the weathered and oxidised material.

The Company aims to conduct metallurgical tests including bench-scale roasting testwork to produce vanadium pentoxide with a minimum 98.5% purity.

When the Scoping Study was conducted the Company had an 80% ownership of the Caula project (reduced to 40% following the transaction with UBezTT International, refer to ASX Announcement dated 7 November 2018) with a right of first refusal to purchase the remaining 20%. On 8 February 2019 New Energy entered into a binding Share Sale and Purchase Agreement ("SSPA"), with Auspicious Virtue Investment Holding Limited, for the sale by New Energy of all its remaining shares (the "Shares") in Balama Resources Pty Limited ("Balama"), for a total cash consideration of $7,000,000 ("Purchase Price"). On completion of the SSPA ("Completion"), Auspicious Virtue Investment Holding Limited, an investment vehicle of Mr. Louis Ching ("Auspicious") being a company incorporated in the British Virgin Islands, will be the sole shareholder of Balama, holding 100% of the shares on issue, an increase from its current 50% holding of the issued capital in Balama.

Balama is the subsidiary company through which New Energy holds its interest in the Caula graphite and vanadium project. Following Completion, New Energy will have no further interest in the Caula project, which is currently the Company's main undertaking.

Corporate

Name Change & Consolidation of Capital

At the Company's General Meeting on 2 October 2018, shareholders approved the change of company name from Mustang Resources Ltd to New Energy Minerals Ltd to reflect its focus on the exploration and mining of vanadium and graphite, critical components for the New Energy Market. At the same meeting shareholders also approved a 1:10 securities consolidation and to coincided with a complete rebrand of the Company including a rebuild of the website and updated investor marketing materials.

Strategic Investor, Equity Placement & Joint Venture Partner for Caula Project

On 7 November 2018, New Energy entered into a binding agreement with UBezTT International Investment Holdings (BVI) Ltd ("Investor"), whereby the following terms key terms were agreed:

- A $1.5 million placement ("Placement") into New Energy, across two tranches at $0.065 cents per Share with the issue of a total of 23,076,923 shares (Tranche 1 of 17,476,401 shares on 9 November 2018 and Tranche 2 of 5,600,522 shares on 23 November 2018).
- A total of $3.5 million as project level investment and joint venture through subscription of 50% of the post-issue shares of Balama Resources Pty Ltd, a wholly owned subsidiary of New Energy.
- The Investor (or its nominees) was also issued 1 free attaching unlisted option for every 1 Share issued to the Investor under the New Energy Placement following shareholder approval on 19 December 2018. Each option has an exercise price of $0.14 and expiring 20 December 2021.
- During the operation of the agreement and as long as the Investor (or its nominees) remain as holder of the Shares or the New Energy attaching options or otherwise hold interests in Auspicious Virtue Investment Holding Limited being the holder of shares in Balama Resources Pty Ltd ("Auspicious"), should New Energy at any time or from time to time issue any additional shares or debt financing ("Additional Offerings"), the Investor (or its nominees) shall be entitled, but is not obliged, under a right of first refusal to subscribe for such additional number of Shares

(or securities) on the same terms and price as such Additional Offerings, in order to maintain the Investor's (whether by itself or together with its nominees) then existing shareholding immediately prior to such Additional Offerings from time to time.

Funds raised pursuant to the strategic investment by the Investor is being utilised for Caula assays, metallurgical testing, pre-feasibility study, preparation work for Caula Phase 1 production and for general working capital purposes only.

Incentive Scheme – Performance Rights to Directors

At the Company's AGM on 28 November 2018, shareholders approved the issue of 16,500,000 incentive Performance Rights to the Mustang Long Term Incentive Plan on behalf of Directors, the Directors also approved 2,000,000 to advisors with the following vesting conditions:

(A) 1,500,000 Performance Rights vesting upon the Company receiving written confirmation of the pilot plant funding structure in relation to the Caula Project (**Class A Performance Rights**);
(B) 6,000,000 Performance Rights vesting upon completion of the commissioning handover by the plant installers at the Company's Caula Project to the Company (**Class B Performance Rights**);
(C) 2,000,000 Performance Rights vesting upon completion and announcement of a JORC-compliant resource upgrade to 50mt graphite & vanadium at the Company's Caula Project (**Class C Performance Rights**);
(D) 2,000,000 Performance Rights vesting upon completion to pre-feasibility standards of an initial study to demonstrate profitable production at the Company's Caula Project (**Class D Performance Rights**);
(E) 2,000,000 Performance Rights vesting upon the conversion of the exploration licence held by the Company (being exploration licence 6678L) to a mining licence (**Class E Performance Rights**); and
(F) 5,000,000 Performance Rights vesting upon of the Company generating gross revenue of $2,000,000 or more (**Class F Performance Rights**).

Capital Raising & Share Issues

The Company raised capital progressively and issued shares during the period under review as follows:

(i) On 5 July 2018 the Company issued 18,719,431 pre-consolidation shares at $0.0162 each to satisfy the Company's obligation to issue shares following the partial conversion of $300,000 convertible notes and a $3,255 interest payment.
(ii) On 25 July 2018 the Company issued 38,861,530 pre-consolidation shares at $0.0157 each to satisfy the Company's obligation to issue shares following the partial conversion of $600,000 convertible notes and a $10,126 interest payment.
(iii) On 21 August 2018 the Company issued 151,382,825 pre-consolidation shares at $0.01374 each to raise $2,080,000 before costs.
(iv) On 25 October 2018 the Company issued 1,601,164 post-consolidation shares at $0.1374 each to raise $220,000 before costs.
(v) On 9 November 2018 the Company issued 17,476,401 post-consolidation shares at $0.065 cents per share to raise $1,500,000 before costs.
(vi) On 23 November 2018 the Company issued 5,600,522 post-consolidation shares at $0.065 cents per share to raise $364,034 before costs.

(vii) On 20 December 2018 the Company issued 11,309,179 post-consolidation shares of which 10,000,000 were issued at $0.07 per share to related party Regius Resources Group Ltd ("Regius") in exchange for a $700,000 debt owning by the Company to Regius and 1,309,179 post-consolidation shares issued at $0.048 per share in exchange for professional services.

Arena Convertible Note Facility

Previously on 8 January 2018 the Group announced that it had secured a funding package from Arena Structured Private Investments (Cayman) LLC ("**Arena**"), a major US institutional investor, for face value of $21,000,000 in the form of a convertible note facility. The issued Convertible Notes attracted interest at 11% per annum. The funds were to be drawn down in seven Tranches with Tranche 2 subsequently split into Tranche 2A and 2B on 22 May 2018. Arena paid Tranche 2A on 29 May 2018 but has failed to pay Tranche 2B which was expected to be received in late June 2018.

As at the date of this Half-year Financial Report the Company and Arena are in dispute as outlined below. As a result, the Unsecured Convertible Note Deed between Arena Structured Private Investments (Cayman) LLC and New Energy was terminated in November 2018 and as such no further funding is available from Arena.

Prior to termination the Company had issued the following shares and options to Arena as part of its convertible note funding agreement:

- On 5 July 2018 the Company issued 18,719,431 pre-consolidation shares at $0.0162 each to satisfy the Company's obligation to issue shares following the partial conversion of $300,000 convertible notes and a $3,255 interest payment.
- On 25 July 2018 the Company issued 38,861,530 pre-consolidation shares at $0.0157 each to satisfy the Company's obligation to issue shares following the partial conversion of $600,000 convertible notes and a $10,126 interest payment.

On 15 August 2018 the Company announced that it had obtained key approvals and waivers from Arena in an amendment deed dated 14 August 2018 ("Amendment Deed").

On 17 July 2018, the Company entered into a Merger Agreement with Fura as noted above.

Under the amendment deed Arena provided the required approvals for the Merger Agreement and, importantly, agreed to waive the 15% termination fee on amounts not drawn under the Agreement. Prior to termination of the Deed, it was at the discretion of the Company to decide to which extent it wished to draw on the finance, if at all.

As at 31 December 2018 Arena held a total of $2.5 million (face value) of convertible notes in the Company, of which $1 million is in Tranche 1 notes issued in January 2018 with an 18-month term and $1.5 million is in Tranche 2A notes issued in July 2018, also with an 18-month term.

Dispute with Arena Investors

In October 2018, Arena provided notice to New Energy that the Company allegedly breached the terms of the Convertible Note Deed between the Company and Arena. The Company disputed the circumstances in which such notice has been given to it as well as the quantum of Arena's claim (which totals around $5.1 million and includes a claim for payment of a termination fee of $2.5 million). The Company informed the market on 6 November 2018 that Arena had issued a statutory demand under the Corporations Act.

During November 2018, the Company announced that it has lodged an application pursuant to Section 459G of the Corporations Act, to set aside the statutory demand by Arena, arising from debts allegedly owed by the Company under the terms of the Unsecured Convertible Note Deed between the Company and Arena. New Energy, in consultation with its legal counsel, lodged the application to the Supreme Court of Western Australia on 19 November 2018, to have the statutory demand set aside.

The Unsecured Convertible Note Deed between Arena Structured Private Investments (Cayman) LLC and New Energy was terminated by the Company in November 2018.

On 18 January 2019, the Company entered into mediation with Arena but this did not result in any form of settlement. As a result, the application in the Supreme Court of Western Australia to have the statutory demand set aside will be heard on 27 March 2019.

Significant Subsequent Events after Balance Date

On 8 February 2019 New Energy entered into a binding Share Sale and Purchase Agreement ("SSPA"), with Auspicious Virtue Investment Holding Limited, for the sale by New Energy of all its remaining shares (the "Shares") in Balama Resources Pty Limited ("Balama"), for a total cash consideration of $7,000,000 ("Purchase Price"). On completion of the SSPA ("Completion"), Auspicious Virtue Investment Holding Limited, an investment vehicle of Mr. Louis Ching ("Auspicious") being a company incorporated in the British Virgin Islands, will be the sole shareholder of Balama, holding 100% of the shares on issue, an increase from its current 50% holding of the issued capital in Balama. Auspicious has the right to nominate 2 directors to serve on the NXE Board, but no such nominees have yet been appointed.

Balama is the subsidiary company through which New Energy holds its interest in the Caula graphite and vanadium project. Following Completion, New Energy will have no further interest in the Caula project, which is currently the Company's main undertaking.

As part of the SSPA, New Energy has agreed to conduct an equal access Capital Reduction ("Capital Reduction"), under which the Company will provide a return of capital to its shareholders of an aggregate amount being not less than 60% of the Purchase Price, less the costs incurred by the Company in executing and completing the sale transaction. The purpose and intention of the Capital Reduction is to return some value to shareholders, whilst allowing shareholders to retain their shares in the Company.

The SSPA is subject to a number of conditions precedent including:

- New Energy procuring an Independent Expert's Report in which the Independent Expert concludes that the sale of the Balama Shares by the Company to Auspicious in accordance with the SSPA is favorable to the Company's Shareholders, therefore either:

  (a) fair and reasonable; or
  (b) not fair but reasonable,

to the Company's Shareholders (other than the Purchaser or its Associates);

- New Energy's Shareholders (excluding Auspicious and its associates) approve of the disposal of the shares in Balama to Auspicious in accordance with the SSPA at a meeting held in accordance with:

  (a) ASX Listing Rule 11.2; and
  (b) ASX Listing Rule 10.1; and

- New Energy's Shareholders approve of the Capital Reduction in accordance with section 256C(1) of the Corporations Act and New Energy complies with the requirements of section 256C in relation to the shareholder approval.

The Company has engaged BDO Corporate Finance (WA) Pty Ltd to provide the Independent Expert's Report. New Energy will convene an Extraordinary General Meeting (EGM) of the Company to be held as soon as practicable, currently expected to be in April 2019, for the purpose of considering and voting in favour of the resolutions in order to satisfy that condition precedent. Subject to satisfaction of all the conditions precedent, New Energy expects the sale to be completed in mid-June 2019 and the Capital Reduction is expected to be completed as soon as possible thereafter.

Previously on 7 November 2018, the Company entered into a Strategic Investment Agreement with Auspicious, whereby it acquired 50% of the shares on issue in Balama. Under the Agreement, a private placement was completed into New Energy through UbezTT International Holdings ("UbezTT"), which resulted in UbezTT becoming a substantial shareholder in New Energy, currently holding 15.3% of the issued shares in the Company. Both Auspicious and UbezTT are associated with Mr. Ching who also holds a directorship in Balama.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under S307C and the Corporations Act 2001 is set out on page 13.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors

Ian Daymond
Chairman

Dr Bernard Olivier
Managing Director

12 March 2019

Forward-looking statements

This document may include forward-looking statements. Forward-looking statements include, but are not necessarily limited to the Company's planned exploration program and other statements that are not historic facts. When used in this document, words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward-looking statements. Although the Company considers that its expectations reflected in these statements are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward-looking statements.

Competent Persons' Statements

Information in this report that relates to the Caula Graphite & Vanadium Project's Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Johan Erasmus, a Competent Person who is a registered member of the South African Council for Natural Scientific Professions (SACNASP) which is a Recognised Professional Organisation (RPO) included in a list posted on the ASX website. Mr Erasmus is a consultant to Sumsare Consulting, Witbank, South Africa which was engaged to undertake this work. Mr Erasmus has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined by the 2012 Edition of the Australasian Code for Reporting of Exploration Results. Mr Erasmus consents to the inclusion of the data in the form and context in which it appears.

Information in this report that relates to the metallurgical aspects of the Caula Graphite & Vanadium Project is based on information compiled by Dr. Evan Kirby, a Competent Person who is a registered member of the South

African Institute for Mining and Metallurgy (SAIMM), which is a Recognised Professional Organisation (RPO) included in a list posted on the ASX website. Dr Kirby is a Non-Executive Director of the company. Dr Kirby has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined by the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Kirby consents to the inclusion of the data in the form and context in which it appears.

New Energy Minerals confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements referenced throughout this announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. New Energy Minerals confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of New Energy Minerals Limited for the half-year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia	**N G Neill**
12 March 2019	**Partner**

Condensed consolidated statement of comprehensive income

For the six months ended 31 December 2018

	Note	Consolidated 31 Dec 2018 $	Consolidated 31 Dec 2017 $
Interest income		1,889	2,236
Gain on sale of assets		228,715	19,817
Impairment of held for sale assets	4	(1,192,222)	-
Fair value loss on financial asset held as fair value through profit or loss		-	(159,658)
Administration costs		(1,835,129)	(1,921,476)
Finance costs	10	(222,283)	(4,894,728)
Write off exploration expenditure	6	(628,778)	(9,747,023)
Foreign exchange (loss)/gain		(2,540,641)	74,636
Loss from continuing operations before income tax expense	3	**(6,188,449)**	**(16,626,196)**
Income tax expense		-	-
Loss from continuing operations		**(6,188,449)**	**(16,626,196)**
Loss from discontinued operations	4	**(226,535)**	**-**
Net loss for the period		**(6,414,984)**	**(16,626,196)**
Other comprehensive income/(loss) Items that may be reclassified to profit or loss:			
Foreign currency translation reserve		1,999,032	183,009
Total comprehensive loss for the period		**(4,415,952)**	**(16,443,187)**
Loss for the period attributable to:			
Non-controlling interest		(113,529)	(611,133)
Owners of the parent		(6,301,455)	(16,015,063)
Total comprehensive loss for the period is attributable to:			
Non-controlling interest		(1,973,604)	(525,762)
Owners of the parent		(2,442,348)	(15,917,425)

Condensed consolidated statement of other comprehensive income (continued)

For the six months ended 31 December 2018

	Consolidated	
	31 Dec 2018 **$**	**31 Dec 2017** **$**
Loss per share		
Continuing operations		
Basic loss per share (cents per share)	5.27	2.52
Diluted loss per share (cents per share)	5.28	2.52
Discontinued operations		
Basic loss per share (cents per share)	0.19	2.52
Diluted loss per share (cents per share)	0.19	2.52
Total		
Basic loss per share (cents per share)	5.46	2.52
Diluted loss per share (cents per share)	5.46	2.52

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Condensed consolidated statement of financial position

As at 31 December 2018

	Notes	Consolidated 31 Dec 2018 $	Restated 30 June 2018 $
Current assets			
Cash & cash equivalents		950,470	879,394
Trade & other receivables		469,152	474,882
Held for sale assets	4	15,028,914	3,992,222
Prepayments		45,987	47,118
Total current assets		**16,494,523**	**5,393,616**
Non-current assets			
Trade and other receivables		394,280	1,092,126
Property, plant and equipment	5	650,447	1,115,559
Exploration and evaluation assets	6	55,813	7,375,217
Total non-current assets		**1,100,540**	**9,582,902**
Total assets		**17,595,063**	**14,976,518**
Current liabilities			
Trade and other payables		1,025,558	2,628,541
Liabilities associated with assets held for sale	4	230,579	-
Interest bearing loans and borrowings	10	2,500,000	3,400,000
Total current liabilities		**3,756,137**	**6,028,541**
Non-current liabilities			
Provisions		114,542	109,121
Total non-current liabilities		**114,542**	**109,121**
Total liabilities		**3,870,679**	**6,137,662**
Net assets		**13,724,384**	**8,838,856**
Equity			
Contributed equity	9	176,950,863	171,818,894
Reserves	12	23,494,016	17,927,753
Accumulated losses		(188,918,833)	(182,617,224)
Parent entity interests		**11,526,046**	**7,129,423**
Non-controlling interests		2,198,338	1,709,433
Total Equity		**13,724,384**	**8,838,856**

The above condensed consolidated statement of financial position is to be read in conjunction with the accompanying notes.

Condensed consolidated statement of changes in equity

for the half-year ended 31 December 2018

	Contributed Equity	Accumulated Losses	Option Premium Reserves	Performance Rights Reserves	Foreign Currency Translation Reserve	Minority Contribution Reserve	Owners of The Parent	Non Controlling Interest	Total Equity
	$	$	$	$	$	$	$	$	$
Balance at 1 July 2017	**155,013,532**	**(141,199,178)**	**6,441,048**	**7,763,444**	**(456,600)**	**-**	**27,562,246**	**3,457,424**	**31,019,670**
Loss for the period	-	(16,015,063)	-	-	-	-	(16,015,063)	(611,133)	(16,626,196)
Other comprehensive income	-	-	-	-	97,638	-	97,638	85,371	183,009
Total comprehensive loss for the half-year	-	(16,015,063)	-	-	97,638	**-**	(15,917,425)	(525,762)	**(16,443,187)**
Transactions with owners in their capacity as owners									
Shares issued	13,352,596	-	-	-	-	-	13,352,596	**-**	**13,352,596**
Options granted	-	-	2,949,862	-	-	-	2,949,862	**-**	**2,949,862**
Transaction costs on shares issued	(242,320)	-	-	-	-	-	(242,320)	**-**	**(242,320)**
Amortisation of performance rights	-	-	-	270,968	-	-	270,968	**-**	**270,968**
Balance at 31 December 2017	**168,123,808**	**(157,214,241)**	**9,390,910**	**8,034,412**	**(358,962)**	**-**	**27,975,927**	**2,931,662**	**30,907,589**
Balance at 1 July 2018 (Restated)	**171,818,894**	**(182,617,224)**	**10,469,277**	**8,305,379**	**(846,903)**	**-**	**7,129,423**	**1,709,433**	**8,838,856**
Loss for the period	-	(6,301,455)	-	-	-	-	(6,301,455)	(113,529)	(6,414,984)
Other comprehensive income/(loss)	-	-	-	-	3,859,107	-	3,859,107	(1,860,075)	1,999,032
Total comprehensive loss for the half-year	-	(6,301,455)	-	-	3,859,107	**-**	(2,442,348)	(1,973,604)	**(4,415,952)**
Transactions with owners in their capacity as owners									
Shares issued (in subsidiary)	-	-	-	-	-	1,037,491	1,037,491	2,462,509	**3,500,000**
Shares issued	5,470,166	-	-	-	-	-	5,470,166	-	**5,470,166**
Options granted	(11,115)	-	11,115	-	-	-	-	-	**-**
Transaction costs on shares issued	(327,082)	-	-	-	-	-	(327,082)	-	**(327,082)**
Conversion of functional currency	-	(154)	-	-	154	-	-	-	**-**
Amortisation of performance rights	-	-	-	658,396	-	-	658,396	-	**658,396**
Balance at 31 December 2018	**176,950,863**	**(188,918,833)**	**10,480,392**	**8,963,775**	**3,012,358**	**1,037,491**	**11,526,046**	**2,198,338**	**13,724,384**

The above condensed consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

Condensed consolidated statement of cash flows

For the half-year ended 31 December 2018

		Consolidated	
		31 Dec 2018 $	31 Dec 2017 $
Cash flows from operating activities			
Payment to suppliers and employees		(1,327,586)	(2,956,224)
Interest received		1,889	2,236
Interest paid		(406,914)	(2,186)
Net cash outflows from operating activities		**(1,732,611)**	**(2,956,174)**
Cash flows from investing activities			
Payment for exploration and evaluation		(2,912,990)	(6,560,213)
Payments for plant & equipment		-	(321,531)
Transfer of cash to held for sale assets	4	(2,075,859)	-
Proceeds from sale of assets		502,863	44,062
Net cash outflows from investing activities		**(4,485,986)**	**(6,837,682)**
Cash flows from financing activities			
Proceeds from the issue of shares		7,293,945	290,000
Proceeds from the conversion of options		-	2,923,996
Proceeds from Lanstead		-	44,328
Proceeds from the issue of convertible notes		-	7,743,220
Share issue costs		(327,082)	(71,267)
Net cash inflows from financing activities		**6,966,863**	**10,930,277**
Net increase/(decrease) in cash held		**748,266**	**1,136,421**
Cash and cash equivalents at 1 July		879,394	510,169
Effect of exchange rate changes on cash		(677,190)	(31,361)
Cash and cash equivalents at 31 December		**950,470**	**1,615,229**

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the condensed consolidated financial statements

1. Basis of preparation and accounting policies

Basis of preparation

This financial report for the half-year ended 31 December 2018 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2018 and considered together with any public announcements made by New Energy Minerals Ltd during the half-year ended 31 December 2018 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

Significant accounting policies

The accounting policies applied by the Group in this consolidated half-year financial report for the six months to 31 December 2018 are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2018 and the corresponding interim reporting period, except for the impact of the the new and revised standards applicable to 31 December 2018 as outlined below.

Estimates

The preparation of the half-year financial statements require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Adoption of new and revised standards

Standards and interpretations applicable to 31 December 2018

In the period ended 31 December 2018, the Directors have reviewed all of the new and revised Standards and interpretations issued by the AASB that are relevant to the Company and effective for the current reporting periods beginning on or after 1 July 2018.

As a result of this review, the Group has initially applied AASB 9 and AASB 15 from 1 July 2018.

AASB 9 Financial Instruments

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and makes changes to a number of areas including classification of financial instruments, measurement, impairment of financial assets and hedge accounting model.

Financial instruments are classified as either held at amortised cost or fair value.

Financial instruments are carried at amortised cost if the business model concept can be satisfied.

Notes to the condensed consolidated financial statements

1. Basis of preparation and accounting policies (continued)

All equity instruments are carried at fair value and the cost exemption under AASB 139 which was used where it was not possible to reliably measure the fair value of an unlisted entity has been removed. Equity instruments which are non-derivative and not held for trading may be designated as fair value through other comprehensive income (FVOCI). Previously classified available-for-sale investments, now carried at fair value are exempt from impairment testing and gains or loss on sale are no longer recognized in profit or loss.

The AASB 9 impairment model is based on expected loss at day 1 rather than needing evidence of an incurred loss, this is likely to cause earlier recognition of bad debt expenses. Most financial instruments held at fair value are exempt from impairment testing.

The Group has applied AASB 9 retrospectively with the effect of initially applying this standard recognised at the date of initial application, being 1 July 2018 and has elected not to restate comparative information. Accordingly, the information presented for 31 December 2017 and 30 June 2018 has not been restated.

The Directors have determined that there is no material impact of the other new and revised Standards and Interpretations on the Company and therefore, no material change is necessary to Group accounting policies.

Standards and interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the half-year ended 31 December 2018 that are relevant to the Group and effective for the half year reporting periods beginning on or after 1 January 2019.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretation in issue not yet adopted on the Group and therefore no material change is necessary to accounting policies.

Convertible Notes

Convertible notes issued during the period are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share from their date of issue. The notes have not been included in the determination of basic earnings per share. Details relating to the notes are set out in note 10.

Ruby Sales

Sales proceeds of rubies produced from exploration and development activities are credited to capitalised exploration and development. The Ruby exploration and development activities were previously reported as discontinued operations.

Notes to the condensed consolidated financial statements

1. Basis of preparation and accounting policies (continued)

Going Concern

This half-year financial report has been prepared and presented on a basis assuming it continues as a going concern. The going concern basis of preparation contemplates the continuity of normal business activities, including the realisation of assets and settlement of liabilities in the normal course of business.

The Group incurred a net loss for the half-year of $6,414,984 (2017: $16,626,196). At 31 December 2018 the Group had cash at bank totaling $950,470 and a working capital surplus of $12,738,386 (June 2018: working capital deficit of $634,925), primarily due to assets held for sale of $15,028,914. The Group is currently in the exploration and development stage and has not yet developed a commercial mining operation.

Based on the Group's cash flow forecast (and subject to the sale of the Company's ruby and graphite-vanadium assets), the Group could require additional funding in the next 12 months to enable the Group to continue its normal business activities, manage the dispute with Arena and to ensure the realisation of assets and extinguishment of liabilities as and when they fall due and meeting its annual minimum tenement expenditure commitments and corporate costs.

Previously on 8 January 2018 the Group announced that it had secured a further funding package from Arena Investors LP, a major US institutional investor, for face value of $21m in the form of a convertible note facility. This agreement was terminated in November 2018 and as such no further funding is available from Arena. The Company and Arena are currently in dispute.

On 21 August 2018 the Company issued 151,382,825 pre-consolidation shares at $0.01374 each to raise $2,08m before costs.

On 25 October 2018 the Company issued 1,601,164 post-consolidation shares at $0.1374 each to raise $220,000 before costs.

On 7 November 2018, New Energy entered into a binding agreement with UBezTT International Investment Holdings (BVI) Ltd, whereby the following terms key terms were agreed:

- A $1.5 million placement into New Energy, across two tranches at $0.065 cents per Share with the issue of a total of 23,076,923 shares (Tranche 1 of 17,476,401 shares on 9 November 2018 and Tranche 2 of 5,600,522 shares on 23 November 2018).
- A total of $3.5 million as project level investment and joint venture through subscription of 50% of the post-issue shares of Balama Resources Pty Ltd, a wholly owned subsidiary of New Energy.

Notes to the condensed consolidated financial statements

1. Basis of preparation and accounting policies (continued)

The directors believe that the Group will be able meet all committed expenditure however the continuing viability of the Group and its ability to continue as a going concern and meet its debts and commitments as and when they fall due is dependent upon the Group being successful in its ability to:

- the Group's operating cash requirements not exceeding its historical levels,
- the Group obtaining shareholder approval to sell its remaining 50% interest in Balama Resources Pty Ltd for $7 million, as outlined in the Significant Subsequent Event Note,
- Settle the $2.8 million transaction with Fura Gems, and
- the directors being successful in obtaining future funding to meet the Group's objectives and payment obligations as and when they fall due by engaging with parties in raising additional capital or issuing debt in which the Group has demonstrated a history of success in this regard.

While the directors will be expending their best efforts to generate revenue and raise capital, the generation of sufficient revenue and the raising of additional capital cannot be assured.

As a result of these matters, there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that the entity may be unable to realise its assets and discharge its liabilities in the normal course of business. However, the directors believe that the Group will be successful in the above matters and, accordingly, have prepared the financial report on a going concern basis.

2. Operating segments

No information is disclosed for operating segments as when management accounts are reviewed by the board of directors only consolidated numbers together with revenue and capital expenditure by project are included.

3. Loss for the half-year

Loss for the half-year includes the following items:

Continuing Operations

	31 Dec 2018 $	31 Dec 2017 $
Fair value movement on financial assets held as fair value through profit or loss	-	(159,658)
Office, meeting & travel costs	(97,084)	(393,254)
Professional fees	(654,206)	(356,844)
Employee costs & consulting fees	(803,830)	(544,384)

Notes to the condensed consolidated financial statements

4. Assets and liabilities held for sale

The major classes of assets and liabilities comprising the operations classified as held for sale at balance date are as follows:

Asset classified as held for sale	31 Dec 2018 $	30 Jun 2018 $
Opening balance	3,992,222	-
Exploration and evaluation expenditure asset	10,134,291	26,912,226
Cash and cash equivalents	2,075,859	-
Trade and other receivables	18,764	-
Property, plant and equipment	-	286,940
Impairment of assets classified as held for sale	(1,192,222)	(23,206,944)
Assets held for sale	15,028,914	3,992,222

Asset classified as held for sale	31 Dec 2018 $	30 Jun 2018 $
Opening balance	-	-
Trade and other payables	(230,579)	-
Liabilities associated with assets held for sale	(230,579)	-

On 17 July 2018, New Energy announced that it had entered into a Merger of Ruby Assets Agreement ("MRAA") for its Montepuez ruby assets with Fura Gems Inc ("Fura") for approximately (subject to exchange rate) 10.5 million in shares in Fura. Under the terms of that agreement, the shares were to be issued to New Energy in three tranches over 20 months from closing. The agreement contained a commitment by Fura to invest $25 million in further exploration and resource definition work on its expanded Montepuez Project over 3 years, subject to continued exploration success.

On 29 November 2018, New Energy announced that the terms of the MRAA with Fura had been amended by an agreement by the parties dated 26 November 2018 ("Amending Agreement").
Under the terms of the Amending Agreement, consideration payable to New Energy on closing of the transaction will now be $2.8 million in cash, rather than the originally agreed 10.5 million Fura shares to be issued to the Company over a 20-month period from closing.

The parties also have agreed to extend the "drop-dead date" of the agreement from 30 November 2018 to 31 March 2019, to allow for the satisfaction of the remaining conditions precedent, principally being a binding tax opinion from the tax authorities in Mozambique and Ministerial approval. In the event that the Company has not obtained and supplied all the outstanding documents and approvals required for closing to occur on or before the drop-dead date, the MRAA will thereupon terminate provided that the parties may mutually agree to extend the closing date or Fura may exercise a unilateral right to extend the closing date until all conditions are met. As of the date of the publication of this half year report Fura and New Energy were still finalising satisfaction of the remaining conditions precedent, mainly relating to approval for the transaction from the Mozambican authorities and the receipt of a binding tax opinion being received by New Energy.

On 8 February 2019 New Energy announced that it had entered into a binding Share Sale and Purchase Agreement ("SSPA"), with Auspicious Virtue Investment Holding Limited, for the sale by New Energy of all its remaining shares (the "Shares") in Balama Resources Pty Limited ("Balama"), for a total cash consideration of $7,000,000 ("Purchase Price").

Notes to the condensed consolidated financial statements

4. Assets and liabilities held for sale (continued)

On completion of the SSPA ("Completion"), Auspicious Virtue Investment Holding Limited, an investment vehicle of Mr. Louis Ching ("Auspicious") being a company incorporated in the British Virgin Islands, will be the sole shareholder of Balama, holding 100% of the shares on issue, an increase from its current 50% holding of the issued capital in Balama. Auspicious has the right to nominate 2 directors to the Board of the Company, but no such nominees have yet been appointed.

Balama is the subsidiary company through which New Energy holds its interest in the Caula graphite and vanadium project. Following Completion, New Energy will have no further interest in the Caula project, which is the Company's main undertaking.

The Company has been undertaking vanadium-graphite exploration activities on a number of licences and concessions held in Balama the cost of which has been previously reflected as exploration and evaluation assets now reclassified to assets held for sale.

Discontinued Operations

	31 Dec 2018 $	31 Dec 2017 $
Administration costs	(211,428)	-
Foreign exchange loss	(15,107)	-
Loss from discontinued operations before tax	(226,535)	-
Income tax (expense)/benefit	-	-
Loss from discontinued operations attributable to the owners	(113,268)	-
Loss from discontinued operations attributable to NCI	(113,267)	-

Cash flows generated for the reporting periods under review until the disposal are as follows:

	31 Dec 2018 $	31 Dec 2017 $
Operating activities	(211,428)	-
Investing activities	(586,354)	-
Financing activities	3,500,000	-
Cash flows from discontinued operations	2,702,218	-

Notes to the condensed consolidated financial statements

5. Property, plant & equipment

	31 Dec 2018 $	30 Jun 2018 $
Office equipment		
Office Equipment at cost	1,549	15,335
Accumulated depreciation	(1,428)	(5,806)
	121	9,529
Buildings		
Buildings at cost	380,307	373,389
Accumulated depreciation	(114,092)	(74,678)
	266,215	298,711
Plant & equipment		
Plant & equipment at cost	803,716	1,933,157
Accumulated depreciation	(419,605)	(1,125,838)
	384,111	807,319
Total property, plant & equipment	650,447	1,115,559

6. Exploration and evaluation assets

	31 Dec 2018 $	30 Jun 2018 $
Exploration and evaluation assets	55,813	7,375,217
Reconciliation:		
Carrying amount at beginning of period	7,375,217	30,581,065
Additions – capitalised exploration and evaluation costs	3,561,184	14,599,049
Movement in carrying value as a result of a foreign currency variations	17,772	(17,425)
Depreciation of property, plant & equipment	-	252,144
Sale of rubies net of costs (i)	(135,291)	(1,798,923)
Transfer to held for sale asset	(10,134,291)	(26,92,226)
Write off capitalised exploration and evaluation expenditure	(628,778)	(9,328,467)
Total exploration and evaluation assets	55,813	7,375,217

(i) Sales proceeds of rubies produced from exploration and evaluation are credited to capitalised exploration and evaluation until the Group achieves commercial production.

Expenditure on exploration and evaluation is accounted for in accordance with the "area of interest" method. Exploration license acquisition costs are capitalised and subject to annual impairment assessment or more frequent if there is an indicator of impairment. All exploration and evaluation costs, including general permit activity, geological and geophysical costs and new venture activity costs, are capitalised provided the rights to tenure of the area of interest are current and either:

Notes to the condensed consolidated financial statements

6. Exploration and evaluation assets (continued)

- The expenditure relates to an exploration discovery that, at balance date, has not reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant activities in relation to the area of interest are continuing; or
- It is expected that the expenditure will be recouped through successful exploitation of the area of interest, or alternatively, by its sale.

Each potential or recognised area of interest is reviewed half yearly to determine whether economic quantities of resources have been found or whether further exploration and evaluation work is underway or planned to support the continued carry forward of capitalised costs. The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at the cash generating unit level whenever the facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

A write-off exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any write-off charges are recognised in the consolidated statement of profit or loss and other comprehensive income.

This method is consistent with the methods the Company employed in prior periods. In relation to the carrying values recorded as at 31 December 2018, the Company completed further work on interests in Balama Vanadium-Graphite licenses which were reclassified as asset held for sale as a result of the significant subsequent event transaction with Auspicious to sell the Company's remaining 50% interest in Balama.

Notes to the condensed consolidated financial statements

7. Commitments

	31 Dec 2018	30 Jun 2018
Exploration and evaluation commitments	$	$
Less than one year	87,270	193,712
Between one and five years	-	4,200,444
	87,270	4,394,156

Note 1: As part of the acquisition of Montepuez Minerals Pty Ltd, the Company assumed contingent acquisition payments for license 5030L to the local partner of US$750,000 6 months after bulk sampling startup and US$750,000 12 months after bulk sampling startup. Payment is contingent on the license being transferred to a Mozambican SPV (in process) and the time period only starts upon bulk sampling activities starting on the particular license area (current bulk sampling focused on deposit on mining concession 8921C (formerly license 4143L), bulk sampling has not started on 5030L). As part of the acquisition of a 65% interest in ruby license 8245L (now mining concession 8955C) the Company assumed a contingent acquisition payment liability to the local partner of US$1,500,000 payable upon conclusion of a 18-month bulk sampling program on license 8245L (mining concession 8955C). Bulk sampling on license 8245L (mining concession 8955C) started in July 2017.

Note 2: Under an agreement with Fura, Fura has assumed the future commitments of $ 4,276,869 and this is no longer a commitment of the Company. The commitments noted to 31 December 2018 relate the vanadium and graphite licenses held by Balama which in turn is subject to the Share Sale and Purchase Agreement ("SSPA"), with Auspicious Virtue Investment Holding Limited as noted in the Corporate Summary in this report.

	31 Dec 2018	30 Jun 2018
Non-cancellable lease rentals	$	$
Less than one year	30,310	29,416
Between one and five years	13,076	28,768
	43,386	58,184

Notes to the condensed consolidated financial statements

8. Contingent assets & liabilities

Other than those events disclosed in Note 7 the contingent liabilities are noted below (2017: nil).

In October 2018, Arena provided notice to New Energy that the Company allegedly breached the terms of the Convertible Note Deed between the Company and Arena. On 26 October 2018 Arena proceeded to issue a statutory demand under the Corporations Act for an amount of $5,187,421. Arena's claim is for principal, interest and a "termination payment" of $2.535m. The Company has continued to record the principal and accrued interest components as current liabilities of the Company irrespective of the fact that the Company contends that it is not presently due and payable, and irrespective of the fact that the Company has an offsetting damages claim against Arena exceeding the value of Arena's alleged debt. Consequently, the Company has recorded the "termination payment" as a contingent liability although it does not accept that this sum is payable to Arena.

On 19 November 2018, the Company lodged an application with the Supreme Court of Western Australia pursuant to Section 459G of the Corporations Act, to set aside the statutory demand by Arena. The application is to be heard by the Master of the Supreme Court of Western Australia on 27 March 2019.

In its application, the Company contends it has a genuine dispute in relation to the entirety of Arena's claim and an offsetting claim against Arena exceeding the value of Arena's alleged debt, which has been quantified, on a preliminary basis, at $17.03m.The Company is assessing this potential damages claim further in consultation with its legal counsel and as at the date of this report no contingent asset is formally recognised by the Company.

9. Contributed equity

Reconciliation of movement in share capital	**Note**	**31 Dec 2018**		**31 Dec 2017**	
		$	**No.**	**$**	**No.**
On issue at 1 July – fully paid (restated)	14	171,818,894	940,111,309	155,013,532	565,618,436
Issued for cash (iii)		2,073,944	151,382,825	290,000	3,896,104
Conversion of options		-	-	2,923,996	47,969,603
Conversion of convertible notes (i), (ii)		913,381	57,580,961	10,000,000	148,653,180
Share consolidation 1:10 (iv)			(1,034,166,919)	-	-
Issued in lieu of cash transaction cost (vi)		762,841	11,309,179	138,600	1,800,000
Issued for cash (v)		1,720,000	24,678,087		
Less: Transaction costs		(338,197)	-	(242,320)	-
On issue at 31 December – fully paid		176,950,863	150,895,442	168,123,808	767,937,323

Notes to the condensed consolidated financial statements

9. Contributed equity (continued)

The Company issued the following securities during the period under review:

(i) On 5 July 2018 the Company issued 18,719,431 shares at $0.0162 to Arena as partial conversion of the Convertible Notes.

(ii) On 26 July 2018 the Company issued 38,861,530 shares at $0.0157 to Arena as partial conversion of the Convertible Notes.

(iii) On 27 August 2018 the Company issued 151,382,825 shares at $0.01374 to raise $2,073,945.

(iv) On 15 October 2018 the Company consolidated the share capital on a basis of 1 share for each 10 shares held.

(v) On 25 October 2018 the Company issued 1,601,164 shares at $0.1374 to raise $220,000

On 9 November 2018 the Company issued 17,476,401 shares at $0.065 to raise $1,135,966

On 23 November 2018 the Company issued 5,600,522 shares at $0.065 to raise $364,034

On 20 December 2018 the Company issued 10,000,000 shares at $0.07 to Regius Resources Group Ltd in lieu of payment.

(vi) On 20 December 2018 the Company issued 1,309,179 shares at $0.048 to suppliers in lieu of payment.

10. Interest bearing loans and borrowings

Convertible Notes	31 Dec 2018 $	Restated (i) 30 Jun 2018 $
Opening balance	3,400,000	-
Issue of convertible notes	-	12,395,000
Interest	-	1,705,000
Conversion to shares	(900,000)	(10,700,000)
Closing balance	2,500,000	3,400,000

Finance costs	31 Dec 2018 $	31 Dec 2017 $
Interest expense	4,513	2,186
Convertible note interest	212,265	1,510,904
Costs of convertible note	5,505	756,780
Options issued	-	2,624,858
	222,283	4,894,728

Notes to the condensed consolidated financial statements

10. Interest bearing loans and borrowings (continued)

(i) Refer to Note 14

Previously on 8 January 2018 the Group announced that it had secured a funding package from Arena Structured Private Investments (Cayman) LLC ("Arena"), a major US institutional investor, for face value of $21,000,000 in the form of a convertible note facility. The issued Convertible Notes attracted interest at 11% per annum. The funds were to be drawn down in seven Tranches with Tranche 2 subsequently split into Tranche 2A and 2B on 22 May 2018. Following the amended split Arena paid Tranche 2A of net $1.995 million on 29 May 2018 but has failed to pay Tranche 2B which was expected by the Company to be received in late June 2018.

The Convertible Note conditions for Tranche 2A also included shareholder approval granted on 2 March 2018 for the issue of 41,749,503 options to be issued at a price equal to 130% of the 5 day VWAP prior to the date of issue of the respective notes, with a 3 year term.

As at the date of this Half Year Financial Report the Company and Arena are in dispute. As a result the Unsecured Convertible Note Deed between Arena Structured Private Investments (Cayman) LLC and New Energy was terminated in November 2018 and as such no further funding is available from Arena.

Prior to termination the Company had issued the following shares and options to Arena as part of its convertible note funding agreement:

- On 5 July 2018 the Company issued 18,719,431 pre-consolidation shares at $0.0162 each to satisfy the Company's obligation to issue shares following the partial conversion of $300,000 convertible notes and a $3,255 interest payment.
- On 25 July 2018 the Company issued 38,861,530 pre-consolidation shares at $0.0157 each to satisfy the Company's obligation to issue shares following the partial conversion of $600,000 convertible notes and a $10,126 interest payment.

The notes were converted at variable strike prices based on the lowest 1 day VWAP of the 20 trading days prior to conversion.

11. Dividends

No dividend has been paid or is proposed in respect of the half-year ended 31 December 2018 (2017: Nil).

Notes to the condensed consolidated financial statements

12. Reserves

	31 Dec 2018 $	30 Jun 2018 $
Option reserve	10,480,392	10,469,277
Foreign exchange translation reserve	3,012,358	(846,903)
Performance rights reserve	8,963,775	8,305,379
Minority contribution reserve	1,037,491	-
Total reserves	23,940,016	17,927,753

(a) Option Reserve

(i) Nature and purpose of reserve

The option reserve is used to record the value of options.

(ii) Movements in reserve

	31 Dec 2018 $	30 Jun 2018 $
Balance at the beginning of the year	10,469,277	6,441,048
Issue of options	11,115	4,028,229
Balance at end of the year	10,480,392	10,469,277

(b) Foreign currency translation reserve

(i) Nature and purpose of reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

(ii) Movements in reserve

	31 Dec 2018 $	30 Jun 2018 $
Balance at the beginning of the year	(846,903)	(456,600)
Prior year adjustment	154	-
Currency translation differences	3,859,107	(390,303)
Balance at end of the year	3,012,358	(846,903)

Notes to the condensed consolidated financial statements

12. Reserves (continued)

(c) Performance rights reserve

(i) Nature and purpose of reserve

The performance rights reserve is used to record the value of the performance rights issued, which are being amortised over their vesting period. These performance rights have the ability to convert to ordinary shares upon the non-market vesting conditions being met and in accordance with the accounting standards the entire instrument has been classified as equity.

(ii) Movements in reserve

	31 Dec 2018 $	30 Jun 2018 $
Balance at the beginning of the year	8,305,379	7,763,444
Amortisation of performance rights	658,396	541,935
Balance at end of the year	8,963,775	8,305,379

(d) Minority contribution reserve

(i) Nature and purpose of reserve

The minority contribution reserve is used to record the difference between the non-controlling interest's share of the net assets and the equity committed by the non-controlling interest.

(ii) Movements in reserve

	31 Dec 2018 $	30 Jun 2018 $
Balance at the beginning of the year	-	-
Shares issued in subsidiary	1,037,491	-
Balance at end of the year	1,037,491	-

13. Financial instruments

The Directors consider that the carrying amounts of current receivables, current payables and current borrowings are considered to be a reasonable approximation of their fair values.

Notes to the condensed consolidated financial statements

14. Corrections of prior period errors

	30 Jun 2018 $	Adjustment $	Restated 30 Jun 2018 $
Interest bearing loans and borrowings	1,150,000	2,250,000	3,400,000
Contributed equity	174,068,894	(2,250,000)	171,818,894

The error is a result of an incorrect share price used for the conversion of the convertible note to share capital. The share price of $0.19 was used whereas the correct share price is $0.019.

There is no impact on earnings per share.

15. Subsequent Events

On 8 February 2019 New Energy entered into a binding Share Sale and Purchase Agreement ("SSPA"), with Auspicious Virtue Investment Holding Limited, for the sale by New Energy of all its remaining shares (the "Shares") in Balama Resources Pty Limited ("Balama"), for a total cash consideration of $7,000,000 ("Purchase Price"). On completion of the SSPA ("Completion"), Auspicious Virtue Investment Holding Limited, an investment vehicle of Mr. Louis Ching ("Auspicious") being a company incorporated in the British Virgin Islands, will be the sole shareholder of Balama, holding 100% of the shares on issue, an increase from its current 50% holding of the issued capital in Balama. Auspicious has the right to nominate 2 directors to the Board of the Company but no such nominees have yet been appointed.

Balama is the subsidiary company through which New Energy holds its interest in the Caula graphite and vanadium project. Following Completion, New Energy will have no further interest in the Caula project, which is the Company's main undertaking.

As part of the SSPA, New Energy has agreed to conduct an equal access Capital Reduction ("Capital Reduction"), under which the Company will provide a return of capital to its shareholders of an aggregate amount being not less than 60% of the Purchase Price, less the costs incurred by the Company in executing and completing the sale transaction. The purpose and intention of the Capital Reduction is to return some value to shareholders, whilst allowing shareholders to retain their shares in the Company.

The SSPA is subject to a number of conditions precedent including:

- New Energy procuring an Independent Expert's Report in which the Independent Expert concludes that the sale of the Balama Shares by the Company to Auspicious in accordance with the SSPA is favorable to the Company's Shareholders, therefore either:

  (a) fair and reasonable; or
  (b) not fair but reasonable,

Notes to the condensed consolidated financial statements

15. Subsequent Events (continued)

to the Company's Shareholders (other than the Purchaser or its Associates);

- New Energy's Shareholders (excluding Auspicious and its associates) approve of the disposal of the shares in Balama to Auspicious in accordance with the SSPA at a meeting held in accordance with:

  (a) ASX Listing Rule 11.2; and
  (b) ASX Listing Rule 10.1; and

- New Energy's Shareholders approve of the Capital Reduction in accordance with section 256C(1) of the Corporations Act and New Energy complies with the requirements of section 256C in relation to the shareholder approval.

The Company has engaged BDO Corporate Finance Pty Ltd to provide the Independent Expert's Report. New Energy will convene an Extraordinary General Meeting (EGM) of the Company to be held as soon as practicable, currently expected to be April 2019, for the purpose of considering and voting in favour of the resolutions in order to satisfy that condition precedent. Subject to satisfaction of all the conditions precedent, New Energy expects the sale to be completed in mid-June 2019 and the Capital Reduction is expected to be completed as soon as possible thereafter.

Previously on 7 November 2018, the Company entered into a Strategic Investment Agreement with Auspicious, whereby it acquired 50% of the shares on issue in Balama. Under the Agreement, a private placement was completed into New Energy through UbezTT International Holdings ("UbezTT"), which resulted in UbezTT becoming a substantial shareholder in New Energy, currently holding 15.3% of the issued shares in the Company. Both Auspicious and UbezTT are associated with Mr. Ching who also holds a directorship in Balama.

Directors' declaration

In accordance with a resolution of the Directors of New Energy Minerals Ltd, we state that:

In the opinion of the Directors:

(a) the financial statements and notes of the Consolidated Entity on pages 14 to 34 are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and

(ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Ian Daymond	**Dr Bernard Olivier**
Chairman	**Managing Director**

12 March 2019

INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of New Energy Minerals Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of New Energy Minerals Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2018, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of New Energy Minerals Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter - material uncertainty related to going concern

We draw attention to Note 1 in the half-year financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations*

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2001. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
12 March 2019

N G Neill
Partner