

Quarterly Activities Report for the Period Ending 30 June 2019

29 July 2019

HIGHLIGHTS

**New Energy
Minerals**

ABN 34 090 074 785
ASX Code: NXE

**newenergyminerals
.com.au**

**Level 1
9 Bowman Street
South Perth, WA 6151**

**Phone:
+61 (0)8 9217 2400**

- Fura Gems Inc. provided the Company with written notification of extensions of the Drop Dead Date to 1 August 2019 for closing of the Ruby Assets' sale transaction under the Amending Agreement with Fura.
- The various extensions for closing of the Fura Transaction have allowed further time for the satisfaction of the outstanding conditions precedent, principally the receipt of a binding tax opinion from the tax authorities in Mozambique, and Ministerial approval.
- The Company announced that, following consultation with the independent expert and the Company's legal advisors, the equal capital reduction announced concurrently with the Share Sale and Purchase Agreement for the sale of the remaining 50% of Balama Resources Pty Ltd, is to only be made after (and subject to) the completion of the Fura Transaction.
- During the June quarter, in relation to the sale of the remaining 50% of Balama Resources, New Energy and Auspicious Virtue Investment Holding Limited agreed to the extension of the Conditions Precedent End Date to 1 August 2019.
- UbezTT International Holdings appointed Mr. Paul Ching and Mr. Jackie Lee to the Board of Directors. Concurrently, Dr. Bernard Olivier stepped down as Managing Director of New Energy Minerals Limited and Mr. Cobus van Wyk also resigned as Chief Operations Director of the Company. Mr. Christiaan Jordaan was appointed as full-time Managing Director of the Company.
- Coinciding with the restructuring of the Company Board, New Energy announced on 12 June 2019 that the Company had secured short term funding from sophisticated and professional investors in the form of unsecured convertible notes totalling AU\$406,000.

New Energy Minerals Limited (“**New Energy**” or the “**Company**”) (**ASX:NXE, FRA:GGY**) is pleased to provide an update to the market in relation to the Company’s activities for the period ending 30 June 2019.

New Energy Minerals Managing Director, Christiaan Jordaan, commented: “Although delays were experienced during the June quarter in satisfying the outstanding conditions precedent under the Merger of Ruby Assets Agreement, and under the agreement for the sale of the remaining 50% of Balama Resources, importantly the reporting period saw a restructuring of the New Energy Board. The Company welcomes Mr. Paul Ching and Mr. Jackie Lee as Directors, and in the coming quarter, New Energy aims to close both the Ruby Assets’ sale and the sale of Balama Resources, before moving forward with the acquisition of a new project. The new Board is confident that the Company will be able to acquire an appealing project and deliver significant shareholder value”.

Operational Update

Fura Transaction

Drop Dead Date

On 3 April 2019, New Energy announced a further extension of the Drop Dead Date, under the Merger of Ruby Assets Amending Agreement dated 26 November 2018 (“**MRAA**” or “**Fura Transaction**”), as amended with Fura Gems Inc. (“**Fura**”) (“**Amending Agreement**”).

New Energy announced that Fura had provided the Company written notification of the extension of the Drop Dead Date from 31 March 2019 to 30 April 2019 for closing of the Ruby Assets sale transaction with Fura under the Amending Agreement, to allow for the satisfaction of the outstanding conditions precedent, principally the receipt of a binding tax opinion from the tax authorities in Mozambique, and Ministerial approval.

The Company confirmed that all required documents in relation to the binding tax opinion had been lodged and that the application for Ministerial approval was well advanced. The timing of receipt of this opinion (and therefore the satisfaction of this condition) is outside the control of the Company and Fura. However, the Company announced that it was working with the Mozambican authorities to assist where required.

On 3 May 2019, the Company announced a further extension of the Drop Dead Date from the 30 April 2019 to 31 May 2019 for closing of the MRAA, to allow further time for the satisfaction of the outstanding conditions precedent. The Company updated the market again on 3 June 2019 in relation to the extension of the Drop Dead Date from 31 May to 30 June 2019, with the most recent announcement allowing for further extension of the Drop Dead Date to 1 August 2019.

For further details of the Ruby Assets sale, please see ASX announcements dated 17 July 2018 and 29 November 2018. The Company continues to work closely with the Mozambican Government and tax authorities to close the transaction as soon as practicable.

Balama Transaction

Capital Reduction

As announced on 8 February 2019, New Energy entered into a Share Sale and Purchase Agreement (“SPA”) with Auspicious Investment Holding Limited (“Auspicious”) to sell the remaining 50% of Balama Resources (“Balama”), the entity which holds the Company’s interest in the Caula graphite and vanadium Project. As part of the SPA, New Energy 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.

During the reporting period the Company announced that, following consultation with the independent expert and the Company’s legal advisors, the Equal Capital Reduction is to only be made after (and subject to) the completion of the Fura Transaction. During the June quarter, New Energy reiterated the importance that

shareholders were aware of this requirement and the potential impact on the timing of the Equal Capital Reduction.

Through the Capital Reduction, the Board of New Energy aims to return some monetary value to shareholders, whilst allowing them to retain their shares in the Company.

Conditions Precedent End Date

During the June quarter, in relation to the SPA, New Energy and Auspicious agreed to the extension of the Conditions Precedent End Date to 1 August 2019. Balama is the subsidiary through which New Energy holds its interest in the Caula graphite and vanadium Project. Following completion of the SPA, New Energy will have no further interest in the Caula Project, which was the Company's former main undertaking.

Corporate Update

Shareholder Approval

On 14 May 2019, shareholders approved the sale of the Company's main undertaking and the Equal Capital Reduction.

Board Restructure

On 12 June 2019, the Company announced that UbezTT International Holdings had nominated Mr. Paul Ching and Mr. Jackie Lee for appointment to the Board of Directors and they were duly appointed on that date. Concurrently, Dr. Bernard Olivier stepped down as Managing Director of New Energy Minerals Limited and Mr. Cobus van Wyk also resigned as Chief Operations Director of the Company. Mr. Christiaan Jordaan was appointed as full-time Managing Director of the Company. New Energy Minerals thanked the former Board members for their service to the Company.

As announced on 7 November 2018, the Company entered into a Strategic Investment Agreement ("**Agreement**") with Mr. Louis Ching, whereby he acquired 50% of the shares on issue in Balama, via his investment vehicle, Auspicious, a company incorporated in the British Virgin Islands. Under the Agreement, Mr. Louis Ching also entered into a private placement with the New Energy via his secondary investment vehicle, UbezTT International Holdings ("**UbezTT**"), which resulted in UbezTT becoming a substantial shareholder in New Energy, currently holding ~15% of the issued shares in the Company. Under this Agreement, Mr. Louis Ching held the right to appoint two board members to the Company Board of Directors.

New Energy Board member, Mr. Paul Ching, holds a degree from Monash University and has over 21 years' experience in the finance industry. He is also the President of PT Investment Corporation Limited and Managing Director of China-Bao Sheng (Shanghai) Trading Company, both of which are subsidiaries of Hong Kong listed PT International Development Corp.

Mr. Jackie Lee is a Chartered Accountant with over 14 years' experience in accounting, finance and financial management. He obtained his bachelor's degree with Honours in Commerce, majoring in finance and accounting, from the University of British Columbia in Canada in 2003. Mr. Lee is also currently the CFO of PT International Corporation Limited, a Company listed on the Hong Kong stock exchange (HKEX:0372).

Capital Raise

Coinciding with the restructure of the Company Board, New Energy announced on 12 June 2019 that the Company had secured short term funding from sophisticated and professional investors in the form of unsecured convertible notes "(Convertible Notes)" totaling AU\$406,000. As announced, the funds were to be used for new project evaluation and due diligence costs, legal and other expenses relating to the Balama sale and for general working capital purposes. The Convertible Notes incurred an interest rate of 12% per annum and the Conversion Price is at \$0.022 per share, with the maturity date 6 months from the date of payment to the Company.

FOR FURTHER INFORMATION, PLEASE CONTACT:

New Energy Minerals Limited

Christiaan Jordaan

Managing Director

info@newenergyminerals.com.au

+ 61 (0) 8 9217 2400

Jane Morgan Management

Jane Morgan

Media & Investor Relations

jm@janemorganmanagement.com.au

+ 61 (0) 405 555 618

FORWARD-LOOKING STATEMENTS AND DISCLAIMERS:

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.

Recipients are cautioned against placing reliance on forward-looking statements in the announcement, actual values, results and or interpretations may be materially different to those implied or expressed as they are limited to this announcements date of issue.

The announcement is in summary form and for information purposes only, recipients are urged to conduct their own analysis to satisfy themselves to the accuracy and completeness of the information, any statements and/or opinions that have been made in this announcement.

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All investment transactions involve risk, including but not limited to, market fluctuations, adverse political and financial developments. New Energy Minerals Limited, its employees, its contractors, its officers, its agents and advisors do not make any representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of any information, statements, opinion, estimates, forecasts or other representations contained in this announcement. No responsibility for any errors or omissions from the announcement arising out of negligence or otherwise is accepted.

This announcement has been prepared by New Energy Minerals Limited (ASX:NXE), this document contains background information about NXE that is current at the date of this announcement. This announcement is in a summary format and should not be seen as all-inclusive or complete.

APPENDIX: NEW ENERGY MINERALS TENEMENT SCHEDULE

| Tenement | NXE Interest | NXE Effective Net Interest/Right to Earn |
|--|--------------|--|
| Diamond License | | |
| 4525L Save River Diamond Project | 51.8% | 51.8% |
| | | |
| Balama Graphite Project* | | |
| 5873L – Unincorporated JV with license holder | 30% | 30% |
| 7560L – Incorporated JV with license holder | 50% | 50% |
| 6363L – Incorporated JV with license holder | 50% | 50% |
| 9407C – Incorporated JV with license holder (changed from 6678L as a result of an application for a Mining Concession) | 40% | 40% |
| | | |
| Ruby Licenses** | | |
| 8245L/8955C Montepuez Ruby Project | 65% | 65% |
| 4143L/8921C Montepuez Ruby Project | 60% | 60% |
| 5030L Montepuez Ruby Project | 52.5% | 52.5% |
| | | |

*Subject to a SPA with Auspicious Virtue Investment Holding Ltd, refer to ASX Announcement dated 8 February 2019.

**Subject to MRAA with Fura Gems Inc., refer to ASX Announcement dated 29 November 2018.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

NEW ENERGY MINERALS LTD

ABN

34 090 074 785

Quarter ended ("current quarter")

30 JUNE 2019

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (.12.months) \$A'000 |
|---|----------------------------|---|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | - | 386 |
| 1.2 Payments for | | |
| (a) exploration & evaluation | (645) | (4,616) |
| (b) development | - | - |
| (c) production | - | - |
| (d) staff costs | (210) | (1,210) |
| (e) administration and corporate costs | (273) | (2,267) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | - | 8 |
| 1.5 Interest and other costs of finance paid | (1) | (260) |
| 1.6 Income taxes paid | - | - |
| 1.7 Research and development refunds | - | - |
| 1.8 Other (provide details if material) | - | - |
| 1.9 Net cash from / (used in) operating activities | (1,129) | (7,959) |

| | | |
|--|---|------|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | - | (13) |
| (b) tenements (see item 10) | - | - |
| (c) investments | - | - |
| (d) other non-current assets | - | - |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (.12.months) \$A'000 |
|---|---|------------------------------------|--|
| 2.2 | Proceeds from the disposal of: | | |
| | (a) property, plant and equipment | - | 515 |
| | (b) tenements (see item 10) | - | - |
| | (c) investments | - | - |
| | (d) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other (provide details if material) | - | - |
| 2.6 | Net cash from / (used in) investing activities | - | 502 |

| | | | |
|-------------|---|------------|--------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of shares | - | 7,294 |
| 3.2 | Proceeds from issue of convertible notes | 406 | 406 |
| 3.3 | Proceeds from exercise of share options | - | - |
| 3.4 | Transaction costs related to issues of shares, convertible notes or options | - | (166) |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | - | - |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | - | - |
| 3.10 | Net cash from / (used in) financing activities | 406 | 7,534 |

| | | | |
|------------|--|------------|------------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 1,637 | 833 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (1,129) | (7,959) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | - | 502 |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 406 | 7,534 |
| 4.5 | Effect of movement in exchange rates on cash held | 24 | 28 |
| 4.6 | Cash and cash equivalents at end of period | 938 | 938 |

| 5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
|--|------------------------------------|-------------------------------------|
| 5.1 Bank balances | 887 | 1,586 |
| 5.2 Call deposits | 51 | 51 |
| 5.3 Bank overdrafts | - | - |
| 5.4 Other (provide details) | - | - |
| 5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 938 | 1,637 |

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

| Current quarter \$A'000 |
|------------------------------------|
| 181 |
| - |

6.1 Payment of director fees

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

| Current quarter \$A'000 |
|------------------------------------|
| - |
| - |

| 8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i> | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|--|---|--|
| 8.1 Loan facilities | - | - |
| 8.2 Credit standby arrangements | 2,800 | - |
| 8.3 Other (please specify) | - | 2,500 |
| 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well. | | |

Item 8.2

In November 2018 the Company entered into a A\$2.8million Loan Agreement with Fura Gems Inc (Fura) coinciding with an amendment to the terms of the Merger of Ruby Assets Agreement (MRAA).

In terms of the Loan Agreement, the Company will be able to draw down funds prior to completion of the MRAA, for purposes of settling any claims or disputes with Arena Investors or for legal expenses, should this be required. Any funds drawn under the Loan Agreement will bear capitalised interest at 15% per annum and the loan is unsecured. Upon Fura closing the MRAA, the Loan Agreement will automatically terminate, and the payment of all accrued capitalised interest waived by Fura.

If the MRAA is terminated and closing did not occur under the MRAA, 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 the absence of the Arena statutory demand (either through withdrawal or setting aside by the Court).

Further conditions to advances being made under the Loan Agreement to the Company include warranties regarding solvency, no security being registered over the Company or its assets and the Company entering into the MRAA Amending Agreement.

Given that the Court has now set aside the Arena statutory demand, the Company intends, during the September quarter, to make a draw down under the Loan Agreement for purposes of funding legal expenses.

Item 8.3

As at 30 June 2019 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.

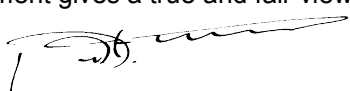
As at the date of this report the Company and Arena are in dispute as previously announced to market and noted in the Company's activities report. As a result, the Unsecured Convertible Note Deed between Arena Structured Private Investments (Cayman) LLC and New Energy was terminated in November 2018 and as such no further funding is available from Arena.

| 9. Estimated cash outflows for next quarter | \$A'000 |
|--|----------------|
| 9.1 Exploration and evaluation | - |
| 9.2 Development | - |
| 9.3 Production | - |
| 9.4 Staff costs | - |
| 9.5 Administration and corporate costs | 495 |
| 9.6 Other (provide details if material) | - |
| 9.7 Total estimated cash outflows | 495 |

| 10. Changes in tenements (items 2.1(b) and 2.2(b) above) | Tenement reference and location | Nature of interest | Interest at beginning of quarter | Interest at end of quarter |
|--|--|---------------------------|---|-----------------------------------|
| 10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced | | | | |
| 10.2 Interests in mining tenements and petroleum tenements acquired or increased | | | | |

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Sign here: 

 (Company secretary)

Date: 29 July 2019

Print name: Robert Marusco

Notes

- The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
- If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
- Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.