

14 February 2020

ASX Limited
Attention Dale Allen
Level 40 Central Park
152 - 158 St Georges Terrace
PERTH WA 6000

Via e mail; ListingsCompliancePerth@asx.com.au

Dear Dale

ASX Aware Letter – Response by New Energy Resources

New Energy Minerals Limited (“the **Company**”) refers to the ASX Limited (“**ASX**”) Appendix 5B Query letter of 11 February 2020.

The Company has addressed the questions and requests in the same order as the ASX letter dated 11 February 2020 as follows:

1. Does NXE expect that it will continue to have negative operating cash flows for the time being and, if not, why not?

*NXE continues to work towards settling the sale of its remaining 50% interest in Balama Resources Pty Ltd (“**Balama**”) (which holds its Caula Graphite & Vanadium Project) and the sale of its ruby project to Fura Gems Inc. (“**Fura**”).*

The sale of Balama was the disposal of the main undertaking of the Company and was granted shareholder approval on 14 May 2019. Since that approval the Company has been working to finalise settlement conditions which included the receipt of a binding tax opinion from the tax authorities in Mozambique and Ministerial approval.

*The receipt of both the binding tax opinion and the Ministerial approval (and therefore satisfaction of these conditions for both Balama and Fura) are outside the control of the Company noting that the Company has made numerous ASX releases on each occasion where both the Share Sale and Purchase Agreement (“**SSPA**”) (and variations thereto) in relation to the Balama sale and the Merger of Ruby Assets Agreement (“**MRAA**”) in relation to the Fura transaction (and amendments thereto) have been extended.*

On 27 January 2020 the Company announced to market that the agreement relating to the sale of its remaining 50% in Balama had been varied on 24 January 2020, the effect of which was to reduce the sale price and to reset terms of payment. As a result, the Company is required by the ASX to resubmit the sale of the remaining 50% interest in Balama to shareholders for approval given the time that has elapsed since the original shareholder approval on 14 May 2019 and resulting variation in sale terms.

At present the Company’s costs are generally related to activities directed toward the settlement of both Balama and Fura transactions, management of its planned legal actions against Regius Resources Ltd (update noted in ASX release dated 27 January 2020) and general administrative, financial and compliance management of the Company.

*NXE is presently working on a Notice of Meeting which requires an updated Independent Expert’s Report such that an Extraordinary General Meeting (“**EGM**”) can be held as soon as practicable.*

It is NXE’s desire to achieve settlement of both the Balama and Fura transactions as soon as possible and with that over the coming months the Company’s intention is to investigate and where appropriate

NEW ENERGY MINERALS LIMITED

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

Registered Office: PO Box 840, South Perth WA 6951

Perth Telephone: +61 (0) 8 9217 2400

ACN: 090 047 785 | Website: www.newenergyminerals.com.au

acquire a new project for development, probably in conjunction with a capital raising.

The Board continues to monitor cashflows to ensure the Company remains positioned to achieve its immediate business objectives as outlined above.

2. **Has NXE taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?**

The Company is continuing in its efforts to achieve settlement of both the Balama and Fura transactions which will generate cash.

As noted on 27 January 2020 the Company announced the "Variation of the Balama Share Sale Agreement". Under the Variation Deed, the parties agreed to amend the purchase price to \$3.5m (from \$7.0m), for the sale by NXE of its 50% shareholding in Balama Resources Pty Ltd and, furthermore, Auspicious agreed to provide NXE with an additional \$1.0m pre-completion loan ("**Additional Loan**") which was received by the Company 5 February 2020 after December 2019 quarter end. thereby generating cash for NXE.

The Company also announced to the market on 11 February 2020 a revision of the MRAA in relation to the Fura transaction whereby amongst other things the consideration for the acquisition of the New Energy Assets (defined in ASX release 11 February 2020) was reduced from \$2.8m to a cash payment of \$1.4m, noting that the binding tax opinions issued by the Mozambique Ministry of Finance which are required for the transfer of the New Energy Assets to Fura have now been obtained with capital gains tax in Mozambique on the transaction agreed to be paid by Fura in addition to the \$1.4m purchase price.

3. **Does NXE expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?**

The Company continues to focus on its short-term business objectives which are the settlement of the Balama and Fura transactions. As noted, the Balama transaction requires an updated approval from the shareholders of the Company and in this regard NXE is presently working on a Notice of Extraordinary General Meeting. Furthermore, the Company continues to work on its planned legal activities against Regius.

The additional \$1m pre-completion loan from Auspicious along with the impending settlement of the Fura transaction will allow the Company to continue its operations and meet those objectives noted above.

The Company also continues to assess its funding opportunities in the form of placements or similar. However, no decisions have yet been made about further capital raising pending finalisation of both the Balama and Fura transactions.

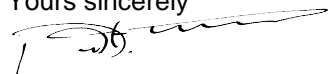
4. **Please confirm that NXE is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.**

The Company confirms that it consider that it is in compliance with the Listing Rules, and in particular Listing Rule 3.1, and that there is no information about its financial condition that should be given to the ASX in accordance with that Rule that has not already been released to the market.

5. **Please confirm that NXE's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of NXE with delegated authority from the board to respond to ASX on disclosure matters.**

The Company confirms that the responses outlined above have been authorised and approved in accordance with its published continuous disclosure policy.

Yours sincerely



Robert Marusco
Company Secretary



11 February 2020

Reference: 13825

Mr Robert Marusco
Company Secretary
New Energy Minerals Ltd

By email: Robert.marusco@mvpfinancial.com.au

Dear Mr Marusco

New Energy Minerals Ltd ('NXE'): Appendix 5B Query

ASX refers to NXE's Appendix 5B quarterly report for the period ended 31 December 2019 lodged with ASX Market Announcements Platform on 31 January 2020 (the 'Appendix 5B').

ASX notes that NXE has reported:

- negative net operating cash flows for the quarter of \$425,000;
- cash at the end of the quarter of \$99,000; and
- estimated cash outflows for the next quarter of \$990,000.

It is possible to conclude, based on the information in the Appendix 5B that if NXE were to continue to expend cash at the rate indicated by the Appendix 5B, NXE may not have sufficient cash to continue funding its operations.

In view of that, ASX asks NXE to respond separately to each of the following questions and requests for information:

1. Does NXE expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has NXE taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does NXE expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that NXE is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.
5. Please confirm that NXE's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of NXE with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **2:00 PM AWST Friday, 14 February 2020**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in NXE's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, NXE's obligation is to

disclose the information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1 and Listing Rule 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to NXE’s obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that NXE’s obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in NXE’s securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

Dale Allen
Principal Adviser, Listings Compliance (Perth)