



ABN 34 090 074 785

Interim Financial Report for the Half-Year Ended  
31 December 2019

## NEW ENERGY MINERALS LTD

Half-year financial report for the six months ended 31 December 2019

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### CORPORATE DIRECTORY

#### OFFICERS

Ian Daymond (Non-Executive Chairman)  
Christiaan Jordaan (Managing Director)  
Paul Ching (Non-Executive Director)  
Jackie Lee (Non-Executive Director)

Robert Marusco (Company Secretary)

#### REGISTERED OFFICE

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#### SYDNEY OFFICE

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Surry Hills, New South Wales, 2010

#### SOLICITORS

Steinepreis Paganin  
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Perth WA 6000

#### AUDITORS

HLB Mann Judd  
Level 4, 130 Stirling Street  
Perth WA 6000

#### SHARE REGISTRY

Computershare Investor Services Pty Ltd  
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#### ASX CODE

NXE

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### Directors' report

Your Directors submit this report for the half-year ended 31 December 2019.

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 2019 ("Consolidated Entity" or "Group"). The Group's presentation currency is Australian Dollars.

### 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)  
Christiaan Jordaan (Non-Executive Director)  
Paul Ching (Non-Executive Director)  
Jackie Lee (Non-Executive Director)

### Review of Operations

#### Operating results

The net loss for the Consolidated Entity for the half-year was \$8,188,423 (2018: net loss of \$6,414,984).

#### Operational overview

The Company continued to work towards satisfying the outstanding conditions precedent to closing both the Fura transaction and the Balama transaction since the signing of both initial agreements and in doing so New Energy has used its best efforts to keep both transactions active and for the benefit of the Company.

The Company's primary focus has been working with the Ministry of Mineral Resources and Energy of Mozambique and the Ministry of Finance and the National Institute of Mines to obtain the final approvals to allow both transactions to be completed.

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 \$8,188,423 (2018: \$6,414,984). At 31 December 2019 the Group had cash at bank totaling \$145,955 (June 2019: \$288,862) and a working capital surplus of \$3,894,239 (June 2019: \$11,208,731), primarily due to assets held for sale of \$8,466,646. The Group is currently seeking to settle both the Fura and Balama transactions, with Balama being its main undertaking. Concurrently with this, the Company is seeking out potential new opportunities or projects.

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 commitments and corporate costs.

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The Directors consider 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:

- successfully defending the \$5.5 million claim from Arena, including proving a counterclaim exceeding the Arena claim,
- the Group's operating cash requirements not exceeding its historical levels,
- the Group obtaining shareholder and Mozambican statutory approvals to sell its remaining 50% interest in Balama Resources Pty Ltd for \$3.5 million, as outlined below,
- settling the \$1.4 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.

### ***Montepuez Ruby Project, Mozambique***

On 17 July 2018 the Company announced that it had entered into a Merger of Ruby Assets Agreement ("MRAA") for its Montepuez ruby assets with TSXV-listed Fura Gems Inc. ("Fura") (TSXV:FURA), for \$10 million in shares. Under the MRAA, the shares were to be issued to New Energy in three tranches over 20 months, resulting in New Energy owning approximately an 8% stake in Fura, excluding percentage equity dilution from capital raised. In the annual report for the financial year ended 30 June 2019 the Group has reported the Montepuez Ruby Project as a held for sale asset.

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**") concurrently with a Loan Agreement for a pre-completion loan from Fura to New Energy of up to A\$2.8 million.

Under the terms of the Amending Agreement, consideration payable to New Energy on closing of the transaction was to 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 have also agreed to extend the "drop-dead date" of the agreement on numerous occasions to 29 February 2020, 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 with this being further extended to the 31 March 2020 by virtue of the Revised and Restated Merger of Ruby Assets Agreement.

On 7 January 2020 New Energy entered into a Revised and Restated Merger of Ruby Assets Agreement (the "**Revised MRAA**") with Fura Gems Inc. Pursuant to the Revised MRAA, the new terms for completion of the transaction are as follows:

- Consideration for the acquisition of the New Energy Assets (being the interests in three ruby licenses/concessions in Mozambique as follows: (i) a 70% interest in ruby mining license 5030L through the acquisition of 70% of the issued and outstanding shares of Rubi Resources SA, (ii) an 80% interest in ruby mining concession 8921C through the acquisition of 80% of the issued and outstanding shares of Ibra Moz SA; and (iii) a right to earn a 65% interest in mining concession 8955C under a joint venture agreement), has been

reduced from A\$2,800,000 (as set out in the Amending Agreement) to a cash payment of A\$1,400,000.

- The \$2.8m Loan Agreement dated 26 November 2018 between Fura and New Energy is formally terminated noting that no draw-down under the Loan Agreement was possible due to the non-satisfaction of its conditions precedent.

#### ***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 was prepared on a 100% ownership basis.

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 \$7.0m ("**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.

On 27 January 2020 the Company announced the variation of some terms of the SSPA dated 8 February 2019 whereby New Energy and Auspicious agreed to vary the SSPA through the execution of a second deed of variation dated 24 January 2020 ("**Variation Deed**").

Under the Variation Deed, the Parties agreed to amend the Purchase Price to \$3.5m (from \$7.0m), for the sale by New Energy of its 50% shareholding in Balama. Furthermore, Auspicious has agreed to provide New Energy with an additional AU\$1.0m pre-completion loan ("**Additional Loan**") on or before 5 February 2020 (which was completed), which is in addition to the \$0.6m loan provided in September 2019 ("**Loan**"). On closing of the SSPA, both the loan and the additional loan, plus interest, will be deducted from the Purchase Price.

The Company is thus required to obtain a new updated Independent Expert Report and seek new shareholder approval at an Extraordinary General Meeting, to be held as soon as practicably possible.

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

#### Pre-Completion Loan for Caula Project

New Energy announced the variation of some of the terms under the SSPA dated 8 February 2019 between New Energy and Auspicious.

New Energy and Auspicious agreed the extension of the Conditions Precedent End Date to 1 December 2019. Furthermore, the parties agreed to vary the SSPA through the execution of a Deed of Variation dated 25 September 2019 ("**Variation Deed**").

Under the Variation Deed Auspicious agreed to advance \$0.6m ("**Advance**"), to New Energy as a pre-completion loan secured against New Energy's 50% share in Balama Resources Pty Ltd ("**Balama**"). The loan bears interest at 12% pa and on closing of the Balama transaction the loan plus interest will be deducted from the Purchase Price. In the event that completion under the SSPA does not occur, New Energy will have 30 days to repay the loan (plus interest). Furthermore, the parties agreed to include certain moveable assets (vehicles, accommodation, generators etc) in the definition of the assets being acquired by Auspicious under the SSPA.

Following this Variation Deed New Energy and Auspicious agreed to vary the SSPA through the execution of a second deed of variation dated 24 January 2020 ("**Second Variation Deed**").

Under the Second Variation Deed, the Parties agreed to amend the Purchase Price to \$3.5m (from \$7.0m), for the sale by New Energy of its 50% shareholding in Balama. Furthermore, Auspicious agreed to provide New Energy with an additional \$1.0m pre-completion loan ("**Additional Loan**") which was completed on 5 February 2020, which is in addition to the \$0.6m loan provided in September 2019 ("**Loan**") and is also secured against New Energy's 50% share in Balama. On closing of the SSPA, both the loan and the additional loan, plus interest, will be deducted from the Purchase Price.

In accordance with the Variation Deed, completion of the SSPA (as varied) remains conditional on the following conditions being met or waived on or before 30 June 2020 ("**Conditions Precedent**"):

- (A) ("**Independent expert report**") the Company procures (at its cost) an Independent Expert's Report that states the Independent Expert's opinion that:
  - (i) the sale of the Shares by the Company to the Purchaser in accordance with the SSPA (as varied) is either:
    - fair and reasonable; or
    - not fair but reasonable,

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

- (B) ("**ASX Listing Rules**") the Company's shareholders (excluding the Purchaser and its Associates) approve of the disposal of the Shares under the SSPA at a meeting held in accordance with Listing Rule 11.2 of the ASX; and Listing Rule 10.1 of the ASX.
- (C) ("**Tax Opinion**") receipt by the Company of a Binding Tax Opinion in a form capable of satisfying the Mozambique Ministry of Minerals (MIREME) for the purpose of obtaining the Ministerial Authorisations; and
- (D) ("**Authorisation**") receipt by the Vendor of the Ministerial Authorisations.

**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 and 2,000,000 incentive Performance Rights 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**).

On 1 August 2019 the Company announced the issue of Mining Concession 9407C by the Mozambican Ministry of Mineral Resources & Energy (previously prospecting & exploration license 6678L). The concession was issued to Tchaumba Minerais S.A (in which Balama, currently the 50% subsidiary of New Energy, holds an 80% shareholding) and is valid until 26 March 2044.

As a result of the issuing of Mining Concession 9407C 2 million Performance Rights vested under the Company's Long-Term Incentive Plan being the Class E Performance Rights. Consequently, 2 million fully paid ordinary New Energy shares were issued to the respective holders of the Class E Performance Rights.

**Convertible Note**

On 12 June 2019 the Company announced that it had secured short-term funding from sophisticated and professional investors in the form of unsecured convertible notes totaling \$406,000. The Convertible Note Agreements which were due to mature on 12 December 2019 were extended for 6 months with the following key terms:

<b>Extension Period</b>	6 months
<b>Interest Rate</b>	Interest will be paid on the Maturity Date. A Coupon rate of 12% per annum with all interest payable upon maturity or convertible into shares upon conversion will continue to apply.
<b>Conversion</b>	The existing Conversion price at \$0.022 per share will remain.
<b>New Maturity Date</b>	12 June 2020.



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<b>Security</b>	The Convertible Notes remain unsecured. The money owing to each Noteholder by the Company shall rank pari passu and pro rata between each noteholder without any priority or preference between them.
<b>Extension Bonus share issue</b>	As a bonus for accommodating the Company with the extension, New Energy will issue a total of 9,227,273 ordinary fully paid bonus shares in the Company calculated by reference to an implied conversion at \$0.022 per share on 1 new bonus share for every 2 implied conversion shares. The shares were issued under the Company's existing LR 7.1 capacity.

### Capital Raising & Share Issues

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

- (i) On 5 August 2019 the Company issued 2,000,000 shares at \$Nil consideration in satisfaction of vesting condition for Class E Performance Rights being achieved.
- (ii) On 11 December 2019 the Company issued 9,227,273 shares at \$Nil consideration in satisfaction of extension of the Convertible Note Facility entered into 12 June 2019.
- (iii) On 11 December 2019 the Company issued 2,285,714 shares to Director Jackie Lee at an issue price of \$0.021 in lieu of cash payment of directors' fees.
- (iv) On 11 December 2019 the Company issued 2,285,714 shares to Director Paul Ching at an issue price of \$0.021 in lieu of cash payment of directors' fees.

### 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 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.

As at 31 December 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.

### Dispute with Arena Investors

In August 2018 New Energy announced that it had obtained key approvals and waivers from Arena Investors L.P. ("Arena") in an amendment deed dated 14 August 2018 ("Amendment Deed"). As announced on 8 January 2018, Arena entered into an Agreement ("Agreement") with New Energy whereby it committed to invest \$19.95 million into the Company, under a multi-tranche convertible note facility.

In October 2018 Arena provided notice to New Energy that the Company allegedly breached the terms of the Convertible Note Deed between Arena and the Company. New Energy disputed the circumstances in which such notice has been given to it as well as the quantum of Arena's claim (which included a claim for a termination fee of \$2.5 million).

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As announced on 15 August 2018, it was the Company's view that Arena waived the termination payment as defined in the main deed announced on 8 January 2018 and therefore a termination payment was not due to Arena and the Company stated its intention to vigorously defend this position.

During November 2018 the Company announced that it 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 Minerals, 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.

On 14 December 2018 New Energy Minerals announced that the Company's application to have the statutory demand set aside would not be heard until 21 March 2019. Prior to this, both parties agreed to mediation of their disputes on 31 January 2019. A mediation between the Company and Arena was held on 18 January 2019 and did not result in any form of settlement between the parties. As the parties did not settle their disputes through mediation, the Company's application in the Supreme Court of Western Australia proceeded and the matter was heard by the Master of the Supreme Court of Western Australia on 27 March 2019.

In July 2019 the Company announced that the Master of the Supreme Court of Western Australia had set aside the statutory demand from Arena Investors. Arena Investors will be required to pay the Company's costs of the application to set aside the statutory demand, to be assessed according to the Supreme Court scale of costs. The Master declined to make any indemnity costs or special cost orders.

On 4 September 2019 the Company announced that Arena had discontinued its appeal against the decision by the Master of the Supreme Court of Western Australia to set aside the statutory demand from Arena.

On 24 December 2019 the Company was given notice that a Writ of Summons and Statement of Claim had been filed in the Supreme Court of Western Australia by Arena Structured Private Investments (Cayman), LLC, arising from debts allegedly owed by the Company under the terms of the Unsecured Convertible Note Deed between the Company and Arena.

Arena's claim under the Writ of Summons totals approximately A\$5.11 million and includes a claim for principal of A\$2.5 million, a termination payment of A\$2.535 million and interest.

The Company will be defending the claim and is considering counterclaims against Arena. As notified in its ASX Announcement dated 21 November 2018 the Company considers it has claims for damages arising from Arena's breach of the Unsecured Convertible Note Deed, unconscionable conduct and economic duress. The Company's preliminary estimate of its damages is approximately \$17.03m. The Company also considers the termination payment is not payable, as result of it being waived by Arena, or is void by reason of being a penalty. The Company continues to take further legal advice in relation to both Arena's claims and the Company's counterclaims.

### **Dispute with Regius**

On 19 February 2020 New Energy announced that it had reached a complete settlement with Regius Resources Group Ltd ("Regius"), the former manager of the Company's projects in Mozambique, following mediation held as part of arbitration proceedings in Perth, Western Australia.

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The settlement of all claims by both New Energy and Regius has been reached without admissions as to liability. A legally binding Settlement Heads of Agreement has been executed with the terms of the settlement summarised as follows:

- The parties release one another and their respective officers and agents from all claims whatsoever;
- Appointment of Regius as consultants in relation to advising with regard to and facilitating the completion of the Fura and Balama asset sale transactions in Mozambique, with payment as remuneration for such consultancy services in the amount of A\$120,000;
- Subject to the prior completion of the Fura and Balama asset sale transactions, the payment of a further amount to Regius of up to A\$600,000 inclusive of consideration for a 100% reduction in the shareholding of Regius in New Energy by way of a selective buyback to be approved by NXE shareholders in accordance with Section 257D of the Corporations Act.

### **Significant Subsequent Events after Balance Date**

In addition to the disclosures above the following additional events occurred subsequent to balance date.

#### ***Cancellation of certain Performance Rights***

On 2 January 2020 the Company announced the cancellation of 1,400,000 Performance Rights resulting from a performance milestone having failed to be achieved by 31 December 2019 in relation to the Caula Project.

#### ***Expiry of Listed Options***

On 25 January 2020 6,193,827 listed options (NXEOA) expired.

#### ***Conversion of convertible notes***

On 6 March 2020, 42,000 notes at a face value of \$1.00 were converted at a reduced effective price of \$0.009 resulting in the issue of 4,666,667 ordinary shares and the reduction of the Company's liabilities by \$42,000. Aside from the conversion of these notes the conversion price for all remaining notes will remain at \$0.022.

**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 12.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors



**Ian Daymond**  
**Chairman**

13 March 2020



**Christiaan Jordaan**  
**Managing Director**

**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.

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of New Energy Minerals Ltd for the half-year ended 31 December 2019, 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  
13 March 2020



**N G Neill**  
Partner

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### Condensed consolidated statement of comprehensive income

For the six months ended 31 December 2019

		Consolidated	
	Note	31 Dec 2019 \$	31 Dec 2018 \$
<b>Continuing operations</b>			
Interest income		10,177	1,889
Gain on sale of assets		-	228,715
Administration costs		(2,444,612)	(1,835,129)
Finance costs	10	(303,227)	(222,283)
Write off exploration expenditure	6	-	(628,778)
Foreign exchange loss		(550)	(2,540,641)
<b>Loss from continuing operations before income tax expense</b>	3	<b>(2,738,212)</b>	<b>(4,996,227)</b>
Income tax expense		-	-
<b>Loss from continuing operations</b>		<b>(2,738,212)</b>	<b>(4,996,227)</b>
<b>Loss from discontinued operations</b>	4	<b>(5,450,211)</b>	<b>(1,418,757)</b>
<b>Net loss for the period</b>		<b>(8,188,423)</b>	<b>(6,414,984)</b>
<b>Other comprehensive income/(loss)</b>			
Items that may be reclassified to profit or loss:			
Foreign currency translation reserve		(73,477)	1,999,032
<b>Total comprehensive loss for the period</b>		<b>(8,261,900)</b>	<b>(4,415,952)</b>
<b>Loss for the period attributable to:</b>			
Non-controlling interest		(52,147)	(113,529)
Owners of the parent		(8,136,276)	(6,301,455)
		<b>(8,188,423)</b>	<b>(6,414,984)</b>
<b>Total comprehensive loss for the period is attributable to:</b>			
Non-controlling interest		(52,147)	(1,973,604)
Owners of the parent		(8,209,753)	(2,442,348)
		<b>(8,261,900)</b>	<b>(4,415,952)</b>

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### Condensed consolidated statement of comprehensive income (continued)

For the six months ended 31 December 2019

	Consolidated	
	31 Dec 2019	31 Dec 2018
	\$	\$
<b>Loss per share</b>		
Continuing operations		
Basic loss per share (cents per share)	(1.78)	(4.25)
Diluted loss per share (cents per share)	(1.78)	(4.25)
Discontinued operations		
Basic loss per share (cents per share)	(3.54)	(1.21)
Diluted loss per share (cents per share)	(3.54)	(1.21)
Total		
Basic loss per share (cents per share)	(5.32)	(5.46)
Diluted loss per share (cents per share)	(5.32)	(5.46)

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

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### Condensed consolidated statement of financial position

As at 31 December 2019

	Notes	Consolidated	
		31 Dec 2019 \$	30 June 2019 \$
<b>Current assets</b>			
Cash & cash equivalents		145,955	288,862
Trade & other receivables		120,042	1,402,452
Assets held for sale	4	8,466,646	14,013,890
Prepayments		48,160	27,822
<b>Total current assets</b>		<b>8,780,803</b>	<b>15,733,026</b>
<b>Non-current assets</b>			
Trade and other receivables		3,672	347,077
Property, plant and equipment	5	-	509,716
Exploration and evaluation assets	6	87,199	73,411
<b>Total non-current assets</b>		<b>90,871</b>	<b>930,204</b>
<b>Total assets</b>		<b>8,871,674</b>	<b>16,663,230</b>
<b>Current liabilities</b>			
Trade and other payables		1,287,467	1,519,248
Liabilities associated with assets held for sale	4	66,646	99,047
Interest bearing loans and borrowings	10	3,522,932	2,906,000
Provisions		9,519	-
<b>Total current liabilities</b>		<b>4,886,564</b>	<b>4,524,295</b>
<b>Non-current liabilities</b>			
Provisions		-	109,121
<b>Total non-current liabilities</b>		<b>-</b>	<b>109,121</b>
<b>Total liabilities</b>		<b>4,886,564</b>	<b>4,639,337</b>
<b>Net assets</b>		<b>3,985,110</b>	<b>12,023,893</b>
<b>Equity</b>			
Contributed equity	9	177,266,204	176,950,863
Reserves	12	22,969,695	26,057,107
Accumulated losses		(198,446,956)	(193,232,391)
<b>Parent entity interests</b>		<b>1,788,943</b>	<b>9,775,579</b>
Non-controlling interests		2,196,167	2,248,314
<b>Total Equity</b>		<b>3,985,110</b>	<b>12,023,893</b>

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



## NEW ENERGY MINERALS LTD

Half-year financial report for the six months ended 31 December 2019

### Condensed consolidated statement of changes in equity

for the half-year ended 31 December 2019

	Contributed Equity	Accumulated Losses	Option Reserve	Performance Rights Reserve	Foreign Currency Translation Reserve	Minority Contribution Reserve	Owners of The Parent	Non Controlling Interest	Total Equity
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2018 (Restated)</b>	<b>171,818,894</b>	<b>(182,617,224)</b>	<b>10,469,277</b>	<b>8,305,379</b>	<b>(846,903)</b>	<b>-</b>	<b>7,129,423</b>	<b>2,248,314</b>	<b>12,023,893</b>
Loss for the period	-	(6,301,455)	-	-	-	-	(6,301,455)	(113,529)	(6,414,984)
Other comprehensive income	-	-	-	-	3,859,107	-	3,859,107	(1,860,075)	1,999,032
<b>Total comprehensive loss for the half-year</b>	<b>-</b>	<b>(6,301,455)</b>	<b>-</b>	<b>-</b>	<b>3,859,107</b>	<b>-</b>	<b>(2,442,348)</b>	<b>(1,973,604)</b>	<b>(4,415,952)</b>
<b>Transactions with owners in their capacity as owners</b>									
Shares issued (in subsidiary)	-	-	-	-	-	1,037,491	1,037,491	<b>2,462,509</b>	<b>3,500,000</b>
Shares issued	5,470,166	-	-	-	-	-	5,470,166	-	<b>5,470,166</b>
Options granted	(11,115)	-	11,115	-	-	-	-	-	-
Transaction costs on shares issued	(327,082)	-	-	-	-	-	(327,082)	-	<b>(327,082)</b>
Conversion of functional currency	-	(154)	-	-	154	-	-	-	-
Amortisation of performance rights	-	-	-	658,396	-	-	658,396	-	<b>658,396</b>
<b>Balance at 31 December 2018</b>	<b>176,950,863</b>	<b>(188,918,833)</b>	<b>10,480,392</b>	<b>8,963,775</b>	<b>3,012,358</b>	<b>1,037,491</b>	<b>11,526,046</b>	<b>2,198,338</b>	<b>13,724,384</b>
<b>Balance at 1 July 2019</b>	<b>176,950,863</b>	<b>(193,232,391)</b>	<b>10,480,392</b>	<b>10,061,782</b>	<b>3,740,812</b>	<b>1,774,121</b>	<b>9,775,579</b>	<b>2,248,314</b>	<b>12,023,893</b>
Loss for the period	-	(8,136,276)	-	-	-	-	(8,136,276)	(52,147)	(8,188,423)
Other comprehensive income/(loss)	-	-	-	-	(73,477)	-	(73,477)	-	(73,477)
<b>Total comprehensive loss for the half-year</b>	<b>-</b>	<b>(8,136,276)</b>	<b>-</b>	<b>-</b>	<b>(73,477)</b>	<b>-</b>	<b>(8,209,753)</b>	<b>(52,147)</b>	<b>(8,261,900)</b>
<b>Transactions with owners in their capacity as owners</b>									
Shares issued	213,341	-	-	-	-	-	213,341	-	<b>213,341</b>
Expiry of options	-	121,711	(121,711)	-	-	-	-	-	-
Options granted	-	-	9,776	-	-	-	9,776	-	<b>9,776</b>
Cancellation of performance rights	-	2,800,000	-	(2,800,000)	-	-	-	-	-
Conversion of performance rights	102,000	-	-	(102,000)	-	-	-	-	-
<b>Balance at 31 December 2019</b>	<b>177,266,204</b>	<b>(198,446,956)</b>	<b>10,368,457</b>	<b>7,159,782</b>	<b>3,667,335</b>	<b>1,774,121</b>	<b>1,788,943</b>	<b>2,196,167</b>	<b>3,985,110</b>

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

## NEW ENERGY MINERALS LTD

Half-year financial report for the six months ended 31 December 2019

### Condensed consolidated statement of cash flows

For the half-year ended 31 December 2019

	<b>Consolidated</b>	
	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Payment to suppliers and employees	(659,238)	(1,327,586)
Interest received	10,177	1,889
Interest paid	(29,846)	(406,914)
<b>Net cash outflows from operating activities</b>	<b>(678,907)</b>	<b>(1,732,611)</b>
<b>Cash flows from investing activities</b>		
Payment for exploration and evaluation	(281,338)	(2,912,990)
Cash used from/(Transfer of cash to) held for sale assets	229,763	(2,075,859)
Proceeds from sale of assets	-	502,863
<b>Net cash outflows from investing activities</b>	<b>(51,575)</b>	<b>(4,485,986)</b>
<b>Cash flows from financing activities</b>		
Proceeds from the issue of shares	-	7,293,945
Refund of shares not issued	(2,614)	-
Proceeds from borrowings	600,000	-
Share issue costs	-	(327,082)
<b>Net cash inflows from financing activities</b>	<b>597,386</b>	<b>6,966,863</b>
<b>Net increase/(decrease) in cash held</b>	<b>(133,096)</b>	<b>748,266</b>
Cash and cash equivalents at 1 July	288,862	879,394
Effect of exchange rate changes on cash	(9,811)	(677,190)
<b>Cash and cash equivalents at 31 December</b>	<b>145,955</b>	<b>950,470</b>

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**

These condensed interim financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards including AASB 134 Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial statements comprise the consolidated condensed interim financial statements for the Group. For the purposes of preparing the consolidated financial statements, the Group is a for-profit entity.

The interim financial statements do not include full disclosures of the type normally included in the full financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as the full financial report. It is recommended these interim financial statements be read in conjunction with the full financial report for the year ended 30 June 2019 and any public announcements made by New Energy and its subsidiaries during the half year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding half year, except for the impact of the new Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The financial statements have been prepared on a historical cost basis, except for the revaluation of selected non-current assets, financial assets and financial liabilities. Historical cost is based on the fair values of the consideration given in exchange for assets, goods and services.

The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim financial statements, the half year has been treated as a discrete reporting period.

**Statement of compliance**

The financial report was authorised for issue on 13 March 2020.

The interim financial statements comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the interim financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS)

**Notes to the condensed consolidated financial statements****1. Basis of preparation and accounting policies (continued)****Adoption of new and revised standards*****Standards and interpretations applicable to 31 December 2019***

In the period ended 31 December 2019, 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 2019. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations of the Company and, therefore, no material change is necessary to Company accounting policies.

**AASB 16 Leases**

AASB 16 replaces AASB 117 Leases. AASB 16 removes the classification of leases as either operating leases or finance leases – effectively treating all leases as finance leases. AASB 16 is applicable to annual reporting periods beginning on or after 1 July 2019.

AASB 16 will change how the Group accounts for leases previously classified as operating leases under AASB 117, which were off-balance sheet, which AASB 16 is applicable to. The Group did not have any operating leases at transition date, as a result there was no impact on the adoption of AASB 16.

The main differences between AASB 16 and AASB 117 with respect to assets formerly held under a finance lease is the measurement of the residual value guarantees provided by the lessee to the lessor.

***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 2019 that are relevant to the Group and effective for the half year reporting periods beginning on or after 1 January 2020.

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 not been included in the determination of diluted loss per share from their date of issue, as the Company continues to be loss making, they do not show an inferior position. Details relating to the notes are set out in note 10.

**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.

**Notes to the condensed consolidated financial statements****1. Basis of preparation and accounting policies (continued)**

The Group incurred a net loss for the half-year of \$8,188,423 (2018: \$6,414,984). At 31 December 2019 the Group had cash at bank totaling \$145,955 (June 2019: \$288,862) and a working capital surplus of \$3,894,239 (June 2019: \$11,208,731), primarily due to assets held for sale of \$8,466,646. The Group is currently seeking to settle both the Fura and Balama transactions, with Balama being its main undertaking. Concurrently with this, the Company is seeking out potential new opportunities or projects.

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 commitments and corporate costs.

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 Company successfully defending the \$5.5 million claim from Arena, including proving a counterclaim exceeding the Arena claim,
- the Group's operating cash requirements not exceeding its historical levels,
- the Group obtaining shareholder and Mozambican statutory approvals to sell its remaining 50% interest in Balama Resources Pty Ltd for \$3.5 million, as outlined in the Significant Subsequent Events after Balance Date Note,
- settling the \$1.4 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 Group 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 because when management accounts are reviewed by the board of directors only consolidated numbers together with revenue and capital expenditure by project are included.

## NEW ENERGY MINERALS LTD

Half-year financial report for the six months ended 31 December 2019

### Notes to the condensed consolidated financial statements

#### 3. Loss for the half-year

Loss for the half-year includes the following items:

##### Continuing Operations

	Half year to 31 Dec 2019 \$	Half year to 31 Dec 2018 \$
Office, meeting & travel costs	(85,652)	(97,084)
Professional fees	(301,150)	(654,206)
Employee costs & consulting fees	(1,440,311)	(803,830)

#### 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, being the Montepuez ruby operation and the investment in Balama Resources Pty Limited, are as follows:

	31 Dec 2019 \$	30 Jun 2019 \$
Asset classified as held for sale		
Opening balance	14,013,890	3,992,222
Exploration and evaluation expenditure asset	161,757	10,620,424
Cash and cash equivalents	(229,763)	274,426
Trade and other receivables	(315,715)	319,040
Movement in carrying value as a result of a foreign currency variations	27,443	-
Transfer of property, plant and equipment to assets held for sale	197,000	-
Impairment of assets classified as held for sale	(5,387,966)	(1,192,222)
Assets held for sale	8,466,646	14,013,890

	31 Dec 2019 \$	30 Jun 2019 \$
Liabilities associated with assets classified as held for sale		
Opening balance	99,047	-
Trade and other payables	(32,401)	99,047
Liabilities associated with assets held for sale	66,646	99,047

#### Montepuez Ruby operation

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 was to 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.

### Notes to the condensed consolidated financial statements

#### 4. Assets and liabilities held for sale (continued)

The parties also agreed to extend the “drop-dead date” of the agreement from 30 November 2018 to 30 September 2019 and on 27 September 2019 the announced the extension of the drop-dead date to 31 October 2019 followed by further announcement extending the drop-dead date ultimately to 29 February 2020 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.

Following this on 7 January 2020 New Energy entered into a Revised and Restated Merger of Ruby Assets Agreement (the “Revised MRAA”) with Fura Gems Inc. Pursuant to the Revised MRAA, the new terms for completion of the transaction are as follows:

- Consideration for the acquisition of the New Energy Assets (being the interests in three ruby licenses/concessions in Mozambique as follows: (i) a 70% interest in ruby mining license 5030L through the acquisition of 70% of the issued and outstanding shares of Rubi Resources SA, (ii) a 80% interest in ruby mining concession 8921C through the acquisition of 80% of the issued and outstanding shares of Ibra Moz SA; and (iii) a right to earn a 65% interest in mining concession 8955C under a joint venture agreement), has been reduced from A\$2,800,000 (as set out in the Amending Agreement dated 26 November 2018) to a cash payment of A\$1,400,000.
- The \$2.8m Loan Agreement dated 26 November 2018 between Fura and NXE is formally terminated noting that no draw-down under the Loan Agreement was possible due to the non-satisfaction of its conditions precedent.

The carrying value of the asset held for sale has been impaired to reflect the revised Fura transaction value.

#### Balama Resources Pty Limited

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 million (“**Purchase Price**”).

On 27 January 2020 the Company announced variation of some terms of the SSPA dated 8 February 2019 whereby New Energy and Auspicious agreed to vary the SSPA through the execution of a second deed of variation dated 24 January 2020 (“**Second Variation Deed**”).

Under the Second Variation Deed, the Parties agreed to amend the Purchase Price to \$3.5m (from \$7.0m), for the sale by New Energy of its 50% shareholding in Balama. Furthermore, Auspicious has agreed to provide New Energy with an additional \$1.0m pre-completion loan (“**Additional Loan**”) on or before 5 February 2020 (which was completed), which is in addition to the \$0.6m loan provided in September 2019 (“**Loan**”). On closing of the SSPA, both the loan and the additional loan, plus interest, will be deducted from the Purchase Price.

## NEW ENERGY MINERALS LTD

Half-year financial report for the six months ended 31 December 2019

### Notes to the condensed consolidated financial statements

#### 4. Assets and liabilities held for sale (continued)

In accordance with the Variation Deed, completion of the SSPA (as varied) remains conditional on the following conditions being met or waived on or before 30 June 2020:

- (E) **(Independent expert report)** the Company procures (at its cost) an Independent Expert's Report that states the Independent Expert's opinion that:
- (ii) the sale of the Shares by the Company to the Purchaser in accordance with the SSPA (as varied) is either:
- fair and reasonable; or
  - not fair but reasonable,

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

- (F) **(ASX Listing Rules)** the Company's shareholders (excluding the Purchaser and its Associates) approve of the disposal of the Shares under the SSPA at a meeting held in accordance with Listing Rule 11.2 of the ASX; and Listing Rule 10.1 of the ASX.
- (G) **(Tax Opinion)** receipt by the Company of a Binding Tax Opinion in a form capable of satisfying the Mozambique Ministry of Minerals (MIREME) for the purpose of obtaining the Ministerial Authorisations; and
- (H) **(Authorisation)** receipt by the Vendor of the Ministerial Authorisations.

The carrying value of the asset held for sale has been impaired to reflect the revised Balama transaction value.

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.

#### Discontinued Operations

	Half year to 31 Dec 2019	Half year to 31 Dec 2018
	\$	\$
Administration costs	(52,984)	(211,428)
Foreign exchange loss	(9,261)	(15,107)
Impairment of assets held for sale	(5,387,966)	(1,192,222)
Loss from discontinued operations before tax	(5,450,211)	(1,418,757)
Income tax (expense)/benefit	-	-
Loss from discontinued operations attributable to the owners	(2,725,106)	(709,379)
Loss from discontinued operations attributable to NCI	(2,725,105)	(709,378)

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

	31 Dec 2019	31 Dec 2018
	\$	\$
Operating activities	(52,984)	(211,428)
Investing activities	(408,329)	(586,354)
Financing activities	-	3,500,000
Cash flows from discontinued operations	(461,313)	2,702,218



## NEW ENERGY MINERALS LTD

Half-year financial report for the six months ended 31 December 2019

### Notes to the condensed consolidated financial statements

#### 5. Property, plant & equipment

	31 Dec 2019 \$	30 Jun 2019 \$
<b>Office equipment</b>		
Office Equipment at cost	-	1,534
Accumulated depreciation	-	(1,534)
	-	-
<b>Buildings</b>		
Buildings at cost	-	376,559
Accumulated depreciation	-	(150,624)
	-	225,935
<b>Plant &amp; equipment</b>		
Plant & equipment at cost	-	767,100
Accumulated depreciation	-	(483,319)
	-	283,781
<b>Total property, plant &amp; equipment</b>	-	509,716

As noted in note 8, the Company settled a dispute with Regius. The settlement agreement also included The relinquishing of all plant and equipment held in Mozambique to Regius which in turn resulted in the full impairment of all remaining plant and equipment on the statement of financial position of the Company.

#### 6. Exploration and evaluation assets

	Half year to 31 Dec 2019 \$	Year to 30 Jun 2019 \$
Exploration and evaluation assets	87,199	73,411
Reconciliation:		
Carrying amount at beginning of period	73,411	7,375,217
Additions – capitalised exploration and evaluation costs	155,492	4,261,225
Movement in carrying value as a result of a foreign currency variations	900	43,820
Depreciation of property, plant & equipment	19,153	-
Sale of rubies net of costs (i)	-	(134,989)
Transfer to held for sale asset	(161,757)	(10,620,424)
Write off capitalised exploration and evaluation expenditure	-	(851,438)
<b>Total exploration and evaluation assets</b>	<b>87,199</b>	<b>73,411</b>

- (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 2019, 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.

**7. Commitments**

	<b>31 Dec 2019</b>	<b>30 Jun 2019</b>
	<b>\$</b>	<b>\$</b>
Exploration and evaluation commitments		
Less than one year	81,602	80,432
Between one and five years	-	-
	<b>81,602</b>	<b>80,432</b>

The commitments noted to 31 December 2019 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.

## NEW ENERGY MINERALS LTD

Half-year financial report for the six months ended 31 December 2019

### Notes to the condensed consolidated financial statements

#### 8. Contingent assets & liabilities

On 19 February 2020 New Energy announced that it has reached a complete settlement with Regius, the former manager of the Company's projects in Mozambique, following mediation held as part of arbitration proceedings in Perth, Western Australia.

The settlement of all claims by both New Energy and Regius has been reached without admissions as to liability. A legally binding Settlement Heads of Agreement has been executed with the terms of the settlement summarised as follows:

- The parties release one another and their respective officers and agents from all claims whatsoever.
- Appointment of Regius as consultants in relation to advising with regard to and facilitating the completion of the Fura and Balama asset sale transactions in Mozambique, with payment as remuneration for such consultancy services in the amount of A\$120,000, which has been recognised.
- Subject to the prior completion of the Fura and Balama asset sale transactions, the payment of a further amount to Regius of up to A\$600,000 inclusive of consideration for a 100% reduction in the shareholding of Regius in New Energy by way of a selective buyback to be approved by New Energy shareholders in accordance with Section 257D of the Corporations Act.

#### 9. Contributed equity

##### Reconciliation of movement in share capital

	Half year to 31 Dec 2019		Year to 30 June 2019	
	\$	No.	\$	No.
On issue at 1 July – fully paid	176,950,863	150,895,442	171,818,894	940,111,309
Issued for cash	-	-	2,073,944	151,382,825
Refund of shares not issued	(2,614)	-	-	-
Conversion of convertible notes	-	-	913,381	57,580,961
Share consolidation 1:10				(1,034,166,919)
Issued in lieu of cash- directors fees (ii) (iii)	96,000	4,571,428	762,841	11,309,179
Issued for cash	-	-	1,720,000	24,678,087
Conversion of performance rights (i)	102,000	2,000,000	-	-
Issued in lieu of cash – convertible notes extension (iv)	119,955	9,227,273	-	-
Less: Transaction costs	-	-	(338,197)	-
On issue at 31 December – fully paid	177,266,204	166,694,143	176,950,863	150,895,442

**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 August 2019 the Company issued 2,000,000 shares to the Class E Performance Rights holders as full conversion of the Class E Performance Rights.
- (ii) On 11 December 2019 the Company issued 2,285,714 shares to Director Jackie Lee at an issue price of \$0.021 in lieu of cash payment of directors' fees.
- (iii) On 11 December 2019 the Company issued 2,285,714 shares to Director Paul Ching at an issue price of \$0.021 in lieu of cash payment of directors' fees.
- (iv) On 11 December 2019 the Company issued 9,227,273 shares to Convertible Note Holders on extension of the Convertible Note Facility.

**10. Interest bearing loans and borrowings**

	<b>31 Dec 2019</b>	<b>30 Jun 2019</b>
	<b>\$</b>	<b>\$</b>
Convertible Notes	2,910,118	2,906,000
Pre-completion loan	612,814	-
Closing balance	<u>3,522,932</u>	<u>2,906,000</u>

	<b>Half year to</b>	<b>Year to</b>
	<b>31 Dec 2019</b>	<b>30 Jun 2019</b>
	<b>\$</b>	<b>\$</b>
<b>Convertible Notes</b>		
Opening balance	2,906,000	3,400,000
Issue of convertible notes	-	406,000
Interest accrued	26,696	-
Interest paid	(22,578)	-
Conversion to shares	-	(900,000)
Closing balance	<u>2,910,118</u>	<u>2,906,000</u>

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.

As at the date of this Half Year Financial Report the Arena Convertible Note face value facility stands at \$2,500,000 noting that 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.

**Notes to the condensed consolidated financial statements**
**10. Interest bearing loans and borrowings (continued)**

On 12 June 2019 the Company issued unsecured convertible notes totaling \$406,000 with a coupon rate of 12% per annum and 6-month term with all interest payable upon maturity or convertible upon conversion with a conversion price of \$0.022 per share. On 10 December 2019 the Company announced an extension of the convertible notes under the Convertible Note Agreements dated 12 June 2019, for a further 6 months. As a bonus for accommodating the Company with the extension, 9,227,273 ordinary fully paid shares were issued to the convertible note holders, calculated by reference to an implied conversion of \$0.022 per share on a 1 new bonus share for every 2 implied conversion shares.

	<b>31 Dec 2019</b>	<b>30 Jun 2019</b>
	<b>\$</b>	<b>\$</b>
<b>Pre-completion loan</b>		
Opening balance	-	-
Loan received	600,000	-
Interest accrued	12,814	-
Closing balance	612,814	-

On 25 September 2019 the Share Sale and Purchase agreement dated 8 February 2018 between the Company and Auspicious Virtue Investment Holding Limited ("Auspicious") was varied. Under the Variation Deed Auspicious advanced the Company \$600,000 as a pre-completion loan secured against the Company's 50% share in Balama Resources Pty Ltd. The loan bears interest at 12% p.a and on closing of the Balama transaction the loan plus interest will be deducted from the purchase price. In the event that completion of the transaction does not occur, the Company will have 30 days to repay the loan (plus interest).

	<b>Half year to 31 Dec 2019</b>	<b>Half year to 31 Dec 2018</b>
	<b>\$</b>	<b>\$</b>
<b>Finance costs</b>		
Interest expense	20,082	4,513
Convertible note interest	163,190	212,265
Costs of convertible note	-	5,505
Shares issued	119,955	-
	303,227	222,283

**11. Dividends**

No dividend has been paid or is proposed in respect of the half-year ended 31 December 2019 (2018: Nil).

## NEW ENERGY MINERALS LTD

Half-year financial report for the six months ended 31 December 2019

### Notes to the condensed consolidated financial statements

#### 12. Reserves

	<b>31 Dec 2019</b>	<b>30 Jun 2019</b>
	<b>\$</b>	<b>\$</b>
Option reserve	10,368,457	10,480,392
Foreign currency translation reserve	3,667,335	3,740,812
Performance rights reserve	7,159,782	10,061,782
Minority contribution reserve	1,774,121	1,774,121
<b>Total reserves</b>	<b>22,969,695</b>	<b>26,057,107</b>

##### (a) Option reserve

###### *(i) Nature and purpose of reserve*

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

###### *(ii) Movements in reserve*

	<b>Half year to 31 Dec 2019</b>	<b>Year to 30 Jun 2019</b>
	<b>\$</b>	<b>\$</b>
Balance at the beginning of the period	10,480,392	10,469,277
Expiry of options	(121,711)	-
Issue of options	9,776	11,115
<b>Balance at end of the period</b>	<b>10,368,457</b>	<b>10,480,392</b>

##### (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*

	<b>Half year to 31 Dec 2019</b>	<b>Year to 30 Jun 2019</b>
	<b>\$</b>	<b>\$</b>
Balance at the beginning of the period	3,740,812	(846,903)
Prior year adjustment	-	154
Currency translation differences	(73,477)	4,587,561
<b>Balance at end of the period</b>	<b>3,667,335</b>	<b>3,740,812</b>

**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 brought to account 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*

	<b>Half year to 31 Dec 2019 \$</b>	<b>Year to 30 Jun 2019 \$</b>
Balance at the beginning of the period	10,061,782	8,305,379
Cancellation of performance rights	(2,800,000)	-
Conversion to fully paid ordinary shares	(102,000)	-
Performance rights expense	-	1,756,403
<b>Balance at end of the period</b>	<b>7,159,782</b>	<b>10,061,782</b>

**(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*

	<b>Half year to 31 Dec 2019 \$</b>	<b>Year to 30 Jun 2019 \$</b>
Balance at the beginning of the period	1,774,121	-
Shares issued in subsidiary	-	1,774,121
<b>Balance at end of the period</b>	<b>1,774,121</b>	<b>1,774,121</b>

**13. Share based payments**
**Shares issued**

On 10 December 2019 the Company announced an extension of the convertible notes under the Convertible Note Agreements dated 12 June 2019, for a further 6 months. As a bonus for accommodating the Company with the extension, 9,227,273 ordinary fully paid shares were issued to the convertible note holders on 11 December 2019, at \$0.013 per share on a 1 new bonus share for every 2 implied conversion shares. \$119,955 was expensed.

## NEW ENERGY MINERALS LTD

Half-year financial report for the six months ended 31 December 2019

### Notes to the condensed consolidated financial statements

#### 13. Share based payments (continued)

On 11 December 2019 the Company issued 4,571,428 shares to non-executive directors in lieu of payment of directors fees, and as a result, \$96,000 was expensed. Shares were issued as follows:

	Paul Ching	Jackie Lee
Number of shares	2,285,714	2,285,714
Share price	\$0.021	\$0.021
Total value	\$48,000	\$48,000

#### Options issued to director

On 11 December 2019 5,000,000 unlisted options were issued under the Company's Incentive Plan on behalf of managing director Christiaan Jordaan following shareholder approval on 12 November 2019, with the following vesting conditions:

- **Tranche 1** – 2,500,000 unlisted options vesting after 12 months' continuous service by Mr Jordaan, and exercisable at a 25% premium to the 30-day Volume Weighted Average Price (VWAP) after date of appointment (10 June 2019) being \$0.032 expiring 10 June 2022.
- **Tranche 2** – 2,500,000 unlisted options vesting after the successful completion of a new acquisition by the Company, and exercisable at a 25% premium to the 30-day Volume Weighted Average Price (VWAP) after date of appointment (10 June 2019) being \$0.032 expiring 10 June 2022.

The following inputs were used in the measurement of the fair values of options issued during the current period using the Black-Scholes option pricing model:

	Tranche 1	Tranche 2
Dividend yield	-	-
Share price at date of grant	\$0.0150	\$0.0150
Exercise price	\$0.0320	\$0.0320
Volatility	165%	165%
Risk free rate	0.80%	0.80%
Valuation date	12 November 2019	12 November 2019
Expiration date	10 June 2022	10 June 2022
Valuation per option	\$0.0078	\$0.0078
Total value	\$19,552	\$19,552

The expected volatility reflects the assumption that the historical volatility is indicative of future trends which may also not necessary be the actual outcome. \$9,776 was expensed to share-based payments expense during the half year ended 31 December 2019.

#### 14. 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**

### **15. Subsequent Events**

#### ***Cancellation of certain Performance Rights***

On 2 January 2020 the Company announced the cancellation of 1,400,000 Performance Rights resulting from a performance milestone having failed to be achieved by 31 December 2019 in relation to the Caula Project.

#### ***Expiry of Listed Options***

On 25 January 2020 6,193,827 listed options (NXEOA) expired.

#### ***Variation of Balama Share Sale Agreement***

On 27 January 2020 the Company announced variation of some terms of the SSPA dated 8 February 2019 whereby New Energy and Auspicious agreed to vary the SSPA through the execution of a second deed of variation dated 24 January 2020 ("**Second Variation Deed**").

Under the Second Variation Deed, the Parties agreed to amend the Purchase Price to AU\$3.5m (from AU\$7.0m), for the sale by New Energy of its 50% shareholding in Balama. Furthermore, Auspicious agreed to provide New Energy with an additional AU\$1.0m pre-completion loan ("Additional Loan") on or before 5 February 2020 (which was completed), which is in addition to the AU\$0.6m loan provided in September 2019 ("**Loan**"). On closing of the SSPA, both the loan and the additional loan, plus interest, will be deducted from the Purchase Price.

The Company is thus required to obtain a new updated Independent Expert Report and seek new shareholder approval at an Extraordinary General Meeting, to be held as soon as practicably possible.

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.

#### ***Variation of Fura Agreement***

On 7 January 2020 New Energy entered into a Revised and Restated Merger of Ruby Assets Agreement (the "Revised MRAA") with Fura Gems Inc. Pursuant to the Revised MRAA, the new terms for completion of the transaction are as follows:

- Consideration for the acquisition of the New Energy Assets (being the interests in three ruby licenses/concessions in Mozambique as follows: (i) a 70% interest in ruby mining license 5030L through the acquisition of 70% of the issued and outstanding shares of Rubi Resources SA, (ii) a 80% interest in ruby mining concession 8921C through the acquisition of 80% of the issued and outstanding shares of Ibra Moz SA; and (iii) a right to earn a 65% interest in mining concession 8955C under a joint venture agreement), has been reduced from A\$2,800,000 (as set out in the Amending Agreement dated 26 November 2018) to a cash payment of A\$1,400,000.

**Notes to the condensed consolidated financial statements**

**15. Subsequent Events (continued)**

- The \$2.8m Loan Agreement dated 26 November 2018 between Fura and NXE is formally terminated noting that no draw-down under the Loan Agreement was possible due to the non-satisfaction of its conditions precedent.

***Settlement of Disputes with Regius***

On 19 February 2020 New Energy announced that it has reached a complete settlement with Regius Resources Group Ltd ("Regius"), the former manager of the Company's projects in Mozambique, following mediation held as part of arbitration proceedings in Perth, Western Australia.

The settlement of all claims by both New Energy and Regius has been reached without admissions as to liability. A legally binding Settlement Heads of Agreement has been executed with the terms of the settlement summarised as follows:

- The parties release one another and their respective officers and agents from all claims whatsoever.
- Appointment of Regius as consultants in relation to advising with regard to and facilitating the completion of the Fura and Balama asset sale transactions in Mozambique, with payment as remuneration for such consultancy services in the amount of A\$120,000.
- Subject to the prior completion of the Fura and Balama asset sale transactions, the payment of a further amount to Regius of up to A\$600,000 inclusive of consideration for a 100% reduction in the shareholding of Regius in New Energy by way of a selective buyback to be approved by NXE shareholders in accordance with Section 257D of the Corporations Act.

***Convertible note conversion***

On 6 March 2020, 42,000 notes at a face value of \$1.00 were converted at a reduced effective price of \$0.009 resulting in the issue of 4,666,667 ordinary shares and the reduction of the Company's liabilities by \$42,000. Aside from the conversion of these notes the conversion price for all remaining notes will remain at \$0.022.

**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 13 to 33 are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Group's financial position as at 31 December 2019 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**  
**Chairman**



**Christiaan Jordaan**  
**Managing Director**

13 March 2020

**INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of New Energy Minerals Ltd

**Report on the Condensed Half-Year Financial Report***Conclusion*

We have reviewed the accompanying half-year financial report of New Energy Mineral Ltd ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2019, 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 Group 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 Ltd is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2019 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 financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group'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 Group's financial position as at 31 December 2019 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 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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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**  
**Chartered Accountants**

**Perth, Western Australia**  
**13 March 2020**



**N G Neill**  
**Partner**