9 April 2020

New Energy Minerals General Meeting – COVID 19 Precautions & Virtual Meeting

New Energy Minerals Limited (ASX:NXE) (**New Energy** or the **Company**) gives notice that, owing to the various announcements by the Federal Government restricting most indoor gatherings to 2 people to help prevent the spread of COVID 19, shareholders will not be able physically to attend the General Meeting of the Company in relation to the proposed disposal of its main undertaking.

However, Shareholders will be able to attend the meeting via the teleconference link noted below. Instructions to join the teleconference will also be published on the Company's website **www.newenergyminerals.com.au** and the ASX Company's Announcement Platform at asx.com.au (ASX:NXE).

The General Meeting will commence at 11.00am AEST on Wednesday, 13 May 2020 as outlined in the Notice of Meeting.

Shareholders attending the General Meeting via the teleconference are asked to submit questions in advance of the General Meeting. Instructions on how to do this will be published on the Company's website **www.newenergyminerals.com.au** and the ASX Company's Announcement Platform at asx.com.au (ASX:NXE).

The Company also requires Shareholders to cast their votes on the resolutions outlined in the Notice of Meeting prior to the meeting as no voting will be conducted at the meeting. Shareholders are informed that all resolutions will be decided based on proxy votes which must be received by 11.00am AEST time on Monday, 11 May 2020. Lodgement instructions (which include the ability to lodge proxies electronically) are set out in the Notice of Meeting and on the New Energy website. Accordingly, the Directors strongly encourage all shareholders to lodge a directed proxy form prior to the meeting.

If you would like to join the teleconference, please use the following details:

Teleconference link: **https://s1.c-conf.com/diamondpass/10005541-invite.html**

Once you have activated the link you will see:

Pre-registering for this conference gives you immediate access on the day with no need to wait for an operator:

1. By clicking on the "Register Now" button, you will be directed to the conference registration page. Please follow the steps to enter your registration details, then click Register.

2. You will then be provided with the dial-in number, the Passcode, and your unique access PIN. This information will also be emailed to you as a calendar invite.

3. To join the conference, simply dial the number in the calendar invite and enter the Passcode followed by your PIN, and you will join the conference instantly.

This ASX announcement was approved and authorised for release by Board of Directors. For further information, please contact:

Mr Christiaan Jordaan
Managing Director
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CFO & Company Secretary
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NEW ENERGY MINERALS LIMITED

ACN 090 074 785

NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 11:00am (EST)

DATE: 13 May 2020

PLACE: Virtual Meeting Only

Teleconference link; **https://s1.c-conf.com/diamondpass/10005541-invite.html**

Once you have activated the link you will see:

Pre-registering for this conference gives you immediate access on the day with no need to wait for an operator:

1. By clicking on the "Register Now" button, you will be directed to the conference registration page. Please follow the steps to enter your registration details, then click Register.

2. You will then be provided with the dial-in number, the Passcode, and your unique access PIN. This information will also be emailed to you as a calendar invite.

3. To join the conference, simply dial the number in the calendar invite and enter the Passcode followed by your PIN, and you will join the conference instantly.

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared for the purpose of the Shareholder approval under Listing Rule 10.1 (refer to Resolution 1). The Independent Expert's Report comments on the fairness and reasonableness of the transaction with Auspicious Virtuous Investment Holding Limited the subject of Resolution 1. The Independent Expert has determined that the Disposal is FAIR and REASONABLE to the non-associated Shareholders.

The Independent Directors consider the proposed change to the Company's activities as contemplated by this Notice is in the best interests of Shareholders and recommend that Shareholders vote IN FAVOUR OF Resolution 1 in the absence of a superior proposal.

This Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of General Meeting please do not hesitate to contact the Company Secretary on +61 8 9217 2400.

ASX takes no responsibility for the contents of this Notice of General Meeting.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – DISPOSAL OF MAIN UNDERTAKING

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rules 10.1 and 11.2 and for all other purposes, Shareholders approve the disposal of the Company's interest in Balama Resources Pty Ltd (ACN 601 395 368) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of Auspicious (or any of its associates) or any other person who will obtain a material benefit as a result of the Disposal (except a benefit solely in the capacity of a holder of ordinary securities) or any of their associates (**Resolution 1 Excluded Party**).

However, this does not apply to a vote cast in favour of the Resolution by:

(a) a person, a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or

(b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on this Resolution as the chair decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

  (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of the Resolution 1 Excluded Party excluded from voting, on the Resolution; and

  (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF CONVERTIBLE NOTES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 406,000 Convertible Notes (convertible into 18,454,546 Shares) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

(a) a person who participated in the issue; or

(b) an associate of that person or those persons.

However, this does not apply to a vote cast in favour of this Resolution by:

(a) a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or

(b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the chair to vote on this Resolution as the chair decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

(i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and

(ii) the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

3. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF BONUS SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 9,227,273 Bonus Shares on the terms and conditions set out in the Explanatory Statement."*

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

(a) a person who participated in the issue; or

(b) an associate of that person or those persons.

However, this does not apply to a vote cast in favour of this Resolution by:

(a) a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or

(b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the chair to vote on this Resolution as the chair decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

(i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and

(ii) the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

4. RESOLUTION 4 – REPLACEMENT OF CONSTITUTION

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

> *"That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the chairman of the Meeting for identification purposes."*

Dated: 6 April 2020

By order of the Board

Robert Marusco
Company Secretary

Voting in person

You are not able to vote in person due to COVID 19 restrictions. Your vote must be by proxy as set out below.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9217 2400.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors consider to be material to Shareholders in deciding whether or not to pass the Resolution.

1. BACKGROUND

1.1 General

The Company announced on 7 November 2018 that it had entered into an agreement with a strategic investor, UBezTT International Investment Holdings (BVI) Ltd (**UBezTT**), pursuant to which UBezTT agreed to make a strategic equity investment in the Company (**NXE Placement**) also with the option to make a project level investment in the Company's wholly owned subsidiary, Balama Resources Pty Ltd (**Balama**), which holds the Company's interest in the Caula Vanadium-Graphite project in Mozambique (**Strategic Investment Agreement**).

Subsequent to the execution of the Strategic Investment Agreement, UBezTT completed the investment and acquired an interest in 50% of the shares in Balama, as well as subscribing for 23,076,923 Shares in the Company.

UBezTT is a company associated with Mr Louis Ching.

Subsequent to that initial investment, on 8 February 2019, the Company then announced that it had entered into a share sale agreement to dispose of its remaining interest in Balama to Auspicious Virtuous Investment Holding Limited (**Auspicious**) (**Agreement**). Like UBezTT, Auspicious is a company associated with Mr Louis Ching. Given the nature of the transaction, the Company was required to seek shareholder approval to the Agreement, and on 14 May 2019 the Company's Shareholders approved the disposal of the remaining interest in Balama to Auspicious under the Agreement.

The Agreement was subject to the satisfaction of certain conditions precedent. Given extraordinary delays in satisfying those conditions precedent, which related specifically to government approvals in Mozambique, the Company and Auspicious agreed on two occasions to vary the terms of the Agreement.

The last variation was announced to ASX on 28 January 2020.

Under the terms of the Agreement, Auspicious was entitled to appoint 2 Directors to the Board. Auspicious appointed Paul Ching and Jackie Lee as its nominee Directors. By virtue of being appointed by Auspicious, Messrs Ching and Lee are not considered to be independent Directors for the purposes of Resolution 1 and are excluded from making a recommendation in relation to how Shareholders should vote in relation to Resolution 1. Further details are set out in Section 2.12.

Given the passage of time since the Agreement was originally entered into, and the variation to the terms of the Agreement, ASX has requested the Company go back to Shareholders to seek approval again for the disposal of its interest in Balama.

Resolution 1 therefore seeks the approval of Shareholders again for the disposal of the Company's remaining 50% interest in Balama.

A summary of the key terms and conditions of the Agreement is set out in Schedule 1.

The Company is not seeking Shareholder approval for the capital return that was previously approved on 14 May 2019, and as announced on 28 January 2020. Given the change in financial circumstances of the Company, the Company is no longer proposing to undertake a capital return from proceeds received from the disposal of its interest in Balama, and will instead dedicate those funds towards working capital and the identification and funding of some of the acquisition costs for a new mineral project/s for the Company.

If Shareholders approve Resolution 1 and completion under the Agreement occurs, the effect will be that the Company will dispose of the remainder of its interest in the Project following which the Company will re-set and seek out and assess new opportunities for new acquisitions or project developments that the Board considers to have potential for exploration and mining success.

2. RESOLUTION 1 – DISPOSAL OF MAIN UNDERTAKING

2.1 General

This Notice of Meeting has been prepared to seek shareholder approval for the matters required to for the Company to dispose of its main undertaking, being its interest in the Caula Graphite and Vanadium Project (**Project**) held within Balama (**Disposal**) for the purposes of ASX Listing Rules 10.1 and 11.2.

2.2 ASX Listing Rule 10.1

ASX Listing Rule 10.1 provides that an entity must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes a substantial asset to, amongst other persons:

(a) a related party of the entity;

(b) a substantial holder of the entity; or

(c) an associate of the persons referred to in Sections (a) and (b) above,

without the prior approval of holders of the entity's ordinary shareholders.

Substantial Asset

For the purposes of ASX Listing Rule 10.1, an asset is substantial if its value, or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the equity interests of the entity as set out in the latest accounts given to ASX under the ASX Listing Rules.

The interest in Balama is also the Company's main undertaking and as such, is considering a substantial asset of the Company.

Substantial holder

For the purposes of ASX Listing Rule 10.1, a substantial holder is a person who has a relevant interest (either directly or through its associates), or had at any time in the six months before the transaction, in at least 10% of the total votes attaching to the voting securities of the Company.

UBeTTz (and associated entities), which is a company associated with Auspicious, currently holds a relevant interest in 16.13% in the Company and is therefore a substantial holder for the purpose of ASX Listing Rule 10.1.

Requirement for shareholder approval

As a result of the above conclusions, the completion of the Disposal will result in the disposal of a substantial asset to a substantial holder (or associates of a substantial holder) of the Company. The Company is therefore required to seek Shareholder approval under ASX Listing Rule 10.1.

ASX Listing Rule 10.5.10 requires a notice of meeting containing a resolution under ASX Listing Rule 10.1 to include a report on the transaction from an independent expert. The Company has engaged BDO to act as independent expert in the context of the Disposal.

The Independent Expert's Report has been prepared for the purpose of assisting Shareholders' consideration and assessment of the merits of the Disposal and making of their decision whether to vote in favour of Resolution 1. Shareholders are urged to carefully read the Independent Expert's Report, to understand the scope of the report, and the methodology and valuation and assumptions made.

The Independent Expert has concluded that the Disposal is FAIR AND REASONABLE to the non-associated Shareholders of the Company.

The non-associated Directors have outlined the advantages and disadvantages of the Disposal in Section 2.9 below. The non-associated Directors consider that those are relevant to all Shareholders. All material information required for Shareholders to consider Resolution 1 is outlined in this Notice of Meeting (and the Independent Expert's Report).

A copy of the Independent Expert's Report accompanies this Notice of Meeting.

The Independent Expert's Report is also available on the Company's website at www.newenergyminerals.com.au. If requested by a Shareholder, the Company will send to a Shareholder a hard copy of the Independent Expert's Report at no cost.

2.3 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

(a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and

(b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

Pursuant to Listing Rule 10.1.3, the Disposal constitutes the giving of a financial benefit to Auspicious, who, by virtue of being controlled by Louis Ching, is a related party of UbezTT.

As stated in sections 10 to 12 of the Independent Expert's Report, the financial benefit being given to Auspicious is the value of the Company's 50% interest in Balama which has been valued between $1,428,759 and $3,461,759 with a preferred valuation of $2,445,259.

The Independent Directors Messrs Ian Daymond and Christiaan Jordaan (**Independent Directors**) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of Resolution 1 because the giving of the financial benefit is reasonable in the circumstances if the Company and Auspicious were dealing at arm's length. In particular, the Directors note that:

(a) the terms of the original Agreement were negotiated prior to Messrs Ching and Lee becoming Directors of the Company; and

(b) the variations to the consideration payable need to be considered against the fact that Auspicious, as a Shareholder of the Company, will no longer be receiving any benefit of the previously proposed capital return.

2.4 ASX Listing Rule 11.2

ASX Listing Rule 11.2 provides that an entity must obtain the approval of its shareholders for a disposal of its main undertaking. The Disposal is a disposal of the entity's main undertaking for these purposes.

Resolution 1 seeks Shareholder approval of the Disposal under and for the purposes of ASX Listing Rule 11.2.

2.5 Indicative Timetable

Subject to the ASX Listing Rules and Corporations Act requirements, the Company anticipates completion of the Disposal will be in accordance with the following timetable:

Event	Date
ASX announcement of Disposal and dispatch of Notice of Meeting	9 April 2020
Meeting to approve Disposal	13 May 2020
Satisfaction/waiver of all conditions in Sale Agreement*	1 June 2020
Settlement of Sale Agreement*	15 June 2020

Note:

*These dates are indicative only and the Company is wholly reliant on the Government of Mozambique providing the relevant approvals on or before these dates.

2.6 Value of the Company's interest in Balama

The Project remains in the exploration phase and therefore does not generate any revenues and will require further expenditure to develop it into an operating mine. As at 31 December 2019 the Company has spent $11,111,571 exploring and developing the Project. The Held for Sale value of the Company's interest in Balama is $3.5m, as reflected in the half year report dated 31 December 2019.

2.7 Effect of the Disposal on the Company

The cash consideration payable to the Company under the Agreement will be used by the Company as follows:

(a) to meet the costs of the transaction summarised in Section 1 above; and

(b) to fund the ongoing expenses of the Company and working capital while the Company considers new opportunities post the disposal of Balama.

The Disposal itself will:

(a) not have any impact on the capital structure of the Company;

(b) not result in any changes to the Company's board of directors or senior management; and

(c) not result in the Company needing to borrow funds or raise capital in the short term.

2.8 Independent Expert's Report

As noted above, the Independent Expert's Report accompanying this Notice sets out a detailed independent examination of the Disposal to enable non-associated Shareholders to assess the merits and decide whether to approve Resolution 1. The Independent Expert has concluded that the Disposal is **FAIR AND REASONABLE** to the non-associated Shareholders.

Shareholders are urged to carefully read the Independent Expert's Report to understand its scope, the methodology of the valuation and the sources of information and assumptions made.

A full copy of the Independent Expert's Report is enclosed with this Notice of Meeting and is also available on the Company's website: www.newenergyminerals.com.au.

2.9 Advantages and Disadvantages of the Disposal

The Directors consider that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the proposed Disposal.

<u>Advantages:</u>

(a) the Disposal provides the Company with the opportunity to realise value from the recent exploration works completed, and positive results obtained, at the Project, given that the Company's share price has not responded positively to release of these strong results, which in the opinion of the Directors could have reasonably been expected to occur;

(b) the Company announced the Disposal on 8 February 2019 and explained that the Disposal had been negotiated with consideration to the disappointingly low share price, despite a series of strong results being announced throughout 2018 with respect to the Project. Therefore, the cash offer from Auspicious provides the Company with a tangible crystallisation of value from the Project; and

(c) the Disposal will provide the Company with cash reserves required to fund its ongoing expenses. Furthermore, the Company will require the funds to remain operational whilst it explores other opportunities and searches for other projects for development.

<u>Disadvantages</u>

The Directors consider that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the proposed Disposal:

(a) the consequence of the Disposal is that the Company will sell its main undertaking and be required by ASX, within a period of 6 months from the date of the Disposal to identify a new project or opportunity or risk being suspended from trading by ASX and possibly be required to re-comply with Chapters 1 and 2 of the ASX Listing Rules before its Shares can be re-instated to trading;

(b) there is a risk that the Company may not be able to locate and acquire other suitable investment opportunities; and

(c) the Company will no longer be exposed to the risks of vanadium and graphite exploration and mining. As a result, Shareholders' investment profile on their investment in the Shares will change. The Company will be changing the scale of its activities by a significant extent, which may not be aligned with the investment objectives of Shareholders.

2.10 Future activities and direction post-Sale

Following the completion of the Disposal, the Company is expected to have sufficient cash reserves to fund its activities and will continue to assess and identify projects or assets that the Board considers will have the potential to add value to Shareholders.

The Company will continue to consider opportunities for further investment in mining and exploration projects, in particular in Africa, where the Board has significant history and expertise.

2.11 Effect of the Sale not being approved

If the Disposal is not approved:

(a) The Company will need to repay the $1.6 million secured pre-completion loans (plus interest) to Auspicious;

(b) the Company will continue to own 50% of the issued capital of Balama;

(c) the Agreement will be terminated;

(d) the Company will be obligated to make a payment of $150,000 to Auspicious as a break fee; and

(e) the Company will need to consider and find alternatives for raising funds to meet its ongoing commitments.

2.12 Director interests and recommendations and shareholder intentions

Mr Paul Ching and Jackie Lee are the nominee Directors appointed by Auspicious and are not considered independent for the purpose of providing a recommendation to Shareholders on Resolution 1.

The Independent Directors do not have any material interest in the outcome of the Resolution other than as a result of their interest arising solely in the capacity as Shareholders.

The Directors have a relevant interest (held directly and indirectly) in the securities of the Company as set out in the following table:

Director	Shares	Options	Performance Rights
Ian Daymond	250,000	450,000	2,000,000
Christiaan Jordaan	410,811	5,000,000	3,389,189
Paul Ching[1]	25,362,637[2]	Nil	Nil
Jackie Lee[1]	25,362,637[3]	Nil	Nil

Notes:

1. Paul Ching and Jackie Lee are both employees of PT Investment Corporation Ltd an associated entity of Mr Louis Ching, the owner of UBezTT.
2. Comprising of:
   (a) 23,076,923 Shares are held by BNP Paribas Noms Pty Ltd <OUB KH P/L AC UOB KH DRP> on behalf of UBezTT International Holdings (BVI) Ltd; and
   (b) 2,285,714 Shares held directly by Paul Ching.
3. Comprising of:
   (a) 23,076,923 Shares held by BNP Paribas Noms Pty Ltd <OUB KH P/L AC UOB KH DRP> on behalf of UBezTT International Holdings (BVI) Ltd; and
   (b) 2,285,714 Shares held directly by Jackie Lee.

The Independent Directors have approved the proposal to put Resolution 1 to Shareholders.

Having regard to the advantages and disadvantages of the Disposal above, each Independent Director intends to vote all of their Shares in favour of Resolution 1.

Based on the information available, the Independent Directors consider that the proposed Disposal is in the best interests of the Company and recommend that Shareholders vote in favour of Resolution 1 in the absence of a superior proposal.

2.13 Technical information required by ASX Listing Rule 10.5

Pursuant to and in accordance with ASX Listing Rule 10.5 the following information is provided in relation to the Disposal:

(a) the Disposal will be made to Auspicious;

(b) Auspicious is a related party of the Company by virtue of being an associate of UbezTT (Listing Rule 10.1.5). UbezTT is a substantial shareholder in the Company.

(c) the Disposal is of the Company's 50% interest in the shares of Balama;

(d) the consideration for the Disposal is $1,900,000[1] (less any accrued interest on the Loan and Additional Loan)

(e) the Company will use the funds raised from the Disposal:

[1] Comprising of the consideration payable by Auspicious ($3.5M) less the Loan ($600,000) and the Additional Loan ($1,000,000).

(i) to meet the costs of the transaction summarised in Section 1; and

(ii) to fund the ongoing expenses of the Company and working capital while the Company considers new opportunities post the disposal of Balama;

(f) the timetable for the Disposal is summarised in Section 2.5;

(g) a summary of the material terms of the Agreement are set out in Schedule 1;

(h) a voting exclusion statement is included in Resolution 1 of the Notice;

(i) the Independent Expert's Report is included with this Notice of Meeting.

3. RESOLUTIONS 2 AND 3 – RATIFICATION OF PRIOR ISSUE OF SECURITIES

3.1 General

On 12 June 2019 the Company announced that it had secured commitments for short-term funding from sophisticated and professional investors in the form of 406,000 unsecured convertible notes with a face value of $1.00 each on the terms outlined in Schedule 2 (**Convertible Notes**). Upon conversion, the Convertible Notes will convert into a total of 18,454,546 Shares based on a conversion price of $0.022 per Share.

The funds raised from the issue of the Convertible Notes, being $406,000, have been applied to new project evaluation and due diligence costs, legal and other expenses related to the Disposal and for general working capital purposes.

Since the Convertible Notes have been issued, a number have now been converted.

The Convertible Notes had an original maturity date of 6 months from the date of payment for the Convertible Notes was made to the Company, being 12 December 2019, or as otherwise agreed between the Company and the Noteholders.

On 10 December 2019 the Company announced that it had agreed a 6 month extension (**Extension**) of the original maturity date, with the new maturity date moving to 12 June 2020.

As a bonus for accommodating the Company with the extension of the maturity date for the Convertible Notes, the Company agreed to issue, by reference to an implied conversion at the conversion price, each Noteholder with 1 additional share (**Bonus Share**) for every 2 implied conversion shares. This resulted in the Company issuing a total of 9,227,273 Bonus Shares to the Noteholders. All of the Bonus Shares were issued under the Company's 15% placement capacity pursuant to Listing Rule 7.1.

To manage the Company's liability under the Convertible Notes and incentivise Noteholders to convert their Convertible Notes before the maturity date, the Company agreed to issue bonus Shares to holders who converted their Convertible Notes early (**Incentive Shares**).

As announced on 11 March 2020, on 6 March 2020 the Company completed a partial conversion of $42,000 of the Convertible Notes (**Partial Conversion**). To achieve the Partial Conversion the Company entered into a letter agreement with a Noteholder on the terms and conditions set out in Schedule 3. The Partial Conversion resulted in a total of 4,666,667 Shares, rather than 1,909,091 Shares being issued to the Noteholder, meaning that the Noteholder received 2,757,576 Incentive Shares. The Partial Conversion also resulted in a decrease of $42,000 in the quantum of the outstanding Convertible Notes, with the quantum of the quantum of the outstanding Convertible Notes being $364,000 as at the date of this Notice.

None of the sophisticated and professional investors who hold these Convertible Notes (**Noteholders**) are related parties of the Company.

3.2 ASX Listing Rule 7.4

Resolutions 2 and 3 seeks Shareholder ratification for the issue of the Convertible Notes and the Bonus Shares in accordance with ASX Listing Rule 7.4.

Broadly speaking, and subject to a number of exceptions, ASX Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

ASX Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under ASX Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain Shareholder approval for such issues under ASX Listing Rule 7.1.

To this end, Resolutions 2 and 3 seeks Shareholder approval for the issue of the Convertible Notes and the Bonus Shares under and for the purposes of ASX Listing Rule 7.4.

If Resolutions 2 and/or 3 are passed, the Convertible Notes (being the underlying 18,454,546 Shares into which the Convertible Notes would convert) and/or the Bonus Shares will be excluded in calculating the Company's 15% limit in ASX Listing Rule 7.1, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the issue date of the Convertible Notes or the Bonus Shares.

If Resolutions 2 or 3 are not passed, the Convertible Notes (being the underlying 18,454,546 Shares into which the Convertible Notes would convert) or the Bonus Shares will be included in calculating the Company's 15% limit in ASX Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the issue date of the Convertible Notes or the Bonus Shares.

3.3 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolutions 2 and 3:

(a) the Convertible Notes and the Bonus Shares were issued to the Noteholders, none of whom are not related parties of the Company;

(b) the Company issued the following number of securities:

(i) 406,000 Convertible Notes; and

(ii) 9,227,273 Bonus Shares;

(c) the terms of the securities are as follows:

(i) a summary of the material terms of the Convertible Notes is set out in Schedule 2; and

(ii) the Bonus Shares issued are all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

(d) the Company issued the securities on the following dates:

(i) the Convertible Notes on 14 June 2019;

(ii) the Bonus Shares on 11 December 2019;

(e) the securities were issued as follows:

(i) Convertible Notes were issued for $1.00 each; and

(ii) Bonus Shares were issued for nil cash consideration, in consideration for the Noteholders granting a 6 month extension to the Convertible Notes' maturity date;

(f) the Company:

(i) used the funds raised from the issue of the Convertible Notes for new project evaluation and due diligence costs, legal and other expenses related to the Disposal and for general working capital purposes; and

(ii) did not receive any funds from the issue of the Bonus Shares as the Bonus Shares were issued for nil consideration;

(g) a summary of the material terms of:

(i) the Convertible Notes agreement is set out in Schedule 2 and the Incentive Shares are set out in Schedule 3; and

(ii) the Bonus Shares agreement is set out in Schedule 4; and

(h) a voting exclusion statement is included in Resolutions 2 and 3 of the Notice.

4. RESOLUTION 4 – REPLACEMENT OF CONSTITUTION

4.1 General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

Resolution 4 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and ASX Listing Rules.

This will incorporate amendments to the Corporations Act and ASX Listing Rules since the current Constitution was adopted on 28 November 2018.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature including but not limited to:

(a) updating references to bodies or legislation which have been renamed; and

(b) expressly providing for statutory rights by mirroring these rights in provisions of the Proposed Constitution.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website www.newenergyminerals.com.au and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 8 9217 2400). Shareholders are invited to contact the Company if they have any queries or concerns.

4.2 Summary of material proposed changes

Restricted Securities (clause 2.12)

The Proposed Constitution complies with the recent changes to ASX Listing Rule 15.12. Under this change, ASX will require certain more significant holders of restricted securities and their controllers (such as related parties, promoters, substantial holders, service providers and their associates) to execute a formal escrow agreement in the form Appendix 9A, as is currently the case. However, for less significant holdings (such as non-related parties and non-promoters), ASX will instead permit the Company to issue restriction notices to holders of restricted securities in the form of a new Appendix 9C advising them of the restriction rather than requiring signed restriction agreements.

Minimum Shareholding (clause 3)

Clause 3 of the Constitution outlines how the Company can manage shareholdings which represent an "unmarketable parcel" of shares, being a shareholding that is less than $500 based on the closing price of the Company's Shares on ASX as at the relevant time.

The Proposed Constitution is in line with the requirements for dealing with "unmarketable parcels" outlined in the Corporations Act such that where the Company elects to undertake a sale of unmarketable parcels, the Company is only required to give one notice to holders of an unmarketable parcel to elect to retain their shareholding before the unmarketable parcel can be dealt with by the Company, saving time and administrative costs incurred by otherwise having to send out additional notices.

Clause 3 of the Proposed Constitution continues to outline in detail the process that the Company must follow for dealing with unmarketable parcels.

Fee for registration of off market transfers (clause 8.4(c))

On 24 January 2011, ASX amended ASX Listing Rule 8.14 with the effect that the Company may now charge a "reasonable fee" for registering paper-based transfers, sometimes referred to "off-market transfers".

Clause 8.4 of the Proposed Constitution is being made to enable the Company to charge a reasonable fee when it is required to register off-market transfers from Shareholders. The fee is intended to represent the cost incurred by the Company in upgrading its fraud detection practices specific to off-market transfers.

Before charging any fee, the Company is required to notify ASX of the fee to be charged and provide sufficient information to enable ASX to assess the reasonableness of the proposed amount.

Direct Voting (clause 13, specifically clauses 13.35 – 13.40)

The Proposed Constitution includes a new provision which allows Shareholders to exercise their voting rights through direct voting (in addition to exercising their existing rights to appoint a proxy). Direct voting is a mechanism by which Shareholders can vote directly on resolutions which are to be determined by poll. Votes cast by direct vote by a Shareholder are taken to have been cast on the poll as if the Shareholder had cast the votes on the poll at the meeting. In order for direct voting to be available, Directors must elect that votes can be cast via direct vote for all or any resolutions and determine the manner appropriate for the casting of direct votes. If such a determination is made by the Directors, the notice of meeting will include information on the application of direct voting.

Dividends (clause 22)

Section 254T of the Corporations Act was amended effective 28 June 2010.

There is now a three-tiered test that a company will need to satisfy before paying a dividend replacing the previous test that dividends may only be paid out of profits.

The amended requirements provide that a company must not a pay a dividend unless:

(a) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;

(b) the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and

(c) the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The existing Constitution reflects the former profits test and restricts the dividends to be paid only out of the profits of the Company. The Proposed Constitution is updated to reflect the new requirements of the Corporations Act. The Directors consider it appropriate to update the Constitution for this amendment to allow more flexibility in the payment of dividends in the future should the Company be in a position to pay dividends.

Partial (proportional) takeover provisions (new clause 36)

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

<u>Information required by section 648G of the Corporations Act</u>

Effect of proposed proportional takeover provisions

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

Reasons for proportional takeover provisions

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

Knowledge of any acquisition proposals

As at the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

Potential advantages and disadvantages of proportional takeover provisions

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

(a) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;

(b) assisting in preventing Shareholders from being locked in as a minority;

(c) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and

(d) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

(a) proportional takeover bids may be discouraged;

(b) lost opportunity to sell a portion of their Shares at a premium; and

(c) the likelihood of a proportional takeover bid succeeding may be reduced.

Recommendation of the Board

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 4.

GLOSSARY

$ means Australian dollars.

Agreement means the Share Sale and Purchase Agreement dated on or about 8 February 2019 between the Company and Auspicious.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Auspicious means Auspicious Virtue Investment Holding Limited.

BDO or **Independent Expert** means BDO Corporate Finance (WA) Pty Ltd.

Board means the current board of directors of the Company.

Bonus Share has the meaning given in Section 3.1.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Company means New Energy Minerals Limited (ACN 090 074 785).

Convertible Note has the meaning given in Section 3.1.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

EST means Eastern Standard Time as observed in Sydney, New South Wales.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Incentive Share has the meaning given in Section 3.1.

Independent Expert's Report means the report prepared by the Independent Expert which accompanies this Notice.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Partial Conversion has the meaning given in Section 3.1.

Proxy Form means the proxy form accompanying the Notice.

Resolution means the resolution set out in the Notice.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

UBezTT means UBezTT International Investment Holdings (BVI) Ltd.

SCHEDULE 1 – SUMMARY OF KEY TERMS AND CONDITIONS OF AGREEMENT

Term	Summary
Parties	New Energy Minerals Limited (as **Vendor**) and Auspicious Virtue Investment Holding Limited (as **Purchaser**).
Key Transaction Elements	The Vendor sells all the shares it holds in Balama to the Purchaser for a total, fixed purchase price of AU$3,500,000 (**Purchase Price**). Subject to satisfaction of the conditions precedent, the purchase price is payable in full on Completion.
Conditions Precedent	The sale and purchase are subject to the following conditions precedent: (a) **Independent expert report** The Vendor 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 Vendor to the Purchaser in accordance with this Agreement is either: (A) fair and reasonable; or (B) not fair but reasonable, to Vendor Shareholders (other than the Purchaser or its Associates); (b) **ASX Listing Rules** The Vendor's shareholders (excluding the Purchaser and its Associates) approve of the disposal of the Shares under this Agreement at a meeting held in accordance with: (i) Listing Rule 11.2 of the ASX; and (ii) Listing Rule 10.1 of the ASX; (c) **Tax Opinion** Receipt by the Vendor of a Binding Tax Opinion in a form capable of satisfying MIREME for the purpose of obtaining the MIREME Authorisations; (d) **Authorisation** Receipt by the Vendor of the MIREME Authorisations; and (e) **Legal opinions** The Vendor procures (at its cost) and delivers to the Purchaser, two legal opinions addressed to the Purchaser and in form and substance satisfactory to the Purchaser (acting reasonably) as follows: (i) a legal opinion from a reputable law firm qualified to practise in the Republic of Mauritius confirming that there are no actions or regulatory approvals required in

Term	Summary
	the Republic of Mauritius to give effect to the execution, delivery and performance by the Vendor of this Agreement and each transaction contemplated by this Agreement; (ii) a legal opinion from DLA Piper, SAL & Caldeira Advogados Lda confirming that: (A) the Tenements are in good standing and title to the Tenements is held by the relevant Company Group Member; (B) Save for the Tax Opinion and MIREME Authorisations no actions or regulatory approvals are required in the Republic of Mozambique as a result of, or to give full effect to the execution, delivery and performance by the Vendor of, this Agreement and each transaction contemplated by this Agreement; and (C) the execution, performance and/or enforcement of this Agreement by the Purchaser will not contravene any Laws applicable to the Republic of Mozambique, (together, the **Conditions Precedent**). The Agreement can be terminated if the Conditions Precedent have not been satisfied or waived prior to 30 June 2020 (**Conditions Precedent End Date**).
Exclusivity	The Vendor has granted the Purchaser exclusivity until the Conditions Precedent End Date (or such earlier date on which the Agreement is terminated in accordance with its terms).
Break Fee	The Parties have agreed to the concept of a break fee of AUS$150,000 (**Break Fee**). The Vendor has agreed to pay the Purchaser the Break Fee if the Vendor Board changes its recommendation to Shareholders to vote in favour of the proposed resolution, or if a Superior Proposal is received by the Vendor. The break fee is not payable by the Vendor if the resolution are not passed (in the absence of a change in recommendation or a Superior Proposal). The Purchaser has agreed to pay the Vendor the Break Fee if the Purchaser fails to pay the Purchase Price to the Vendor in immediately available funds when due on the completion date specified in the Agreement. The Break Fee is not payable by the Purchaser, if the Vendor is required to pay the Break Fee pursuant to the Agreement

Term	Summary
	or if Completion occurs in accordance with the Agreement.
Non-compete	The Vendor has agreed not to compete with the Purchaser in graphite and vanadium projects in Mozambique for a period of up to 3 years.
Loan	The Purchaser agreed to advance a loan facility in the amount $600,000 to the Vendor (**Loan**). The Purchaser advanced the Loan to the Vendor on or before 27 September 2019. The Loan and any applicable interest will be deducted from the Purchase Price.
Additional Loan	The Purchaser agreed to advance an additional loan facility loan in the amount of $1,000,000 to the Vendor (**Additional Loan**). The Purchaser advanced the Additional Loan to the Vendor on or before Wednesday, 5 February 2020 and it has been used solely for operational expenditure and working capital of the Vendor, and for no other purpose. The Additional Loan and interest payable will also be deducted from the Purchase Price. If the Conditions Precedent have not been met or waived by the Conditions Precedent End Date, the Vendor must repay the Additional Loan and the interest payable to the Purchaser on the first to occur of: (a) the date that is 30 days after the Conditions Precedent End Date; and (b) the date that is 30 days after the Purchaser provides written notice that a Condition Precedent has become incapable of being satisfied. The Vendor will have additional obligations as a result of receiving the Additional Loan and must pay the following expenses: (a) US$15,000 per month for the Chief Relationship Officer until completion of the agreement; (b) US$3,500 per month for the local Partner until completion of the agreement; and (c) $60,000 per month to Mozsina until the Conditions Precedent are satisfied or waived. The Vendor will pay this fee to the Purchaser by deducting it from the Purchase Price.
Interest	Interest will accrue on amounts drawn down under the Loan and Additional Loan calculated on a daily basis on the basis of the actual number of days elapsed and a year of 365 days and will be capitalised on the last day of each month by increasing the Loan by an amount equal to the amount of interest accrued during the relevant period. The rate of interest payable on the Loan and Additional Loan is 12%.

Term	Summary
Security	The Vendor has granted the Purchaser security over the 50% of the issued capital of Balama currently held by the Vendor.
Customary terms	The Agreement is on customary terms, including with respect to pre-completion obligations, warranties and indemnities and post-completion obligations, as would be expected for a transaction of this nature.

SCHEDULE 2 – SUMMARY OF KEY TERMS AND CONDITIONS OF THE CONVERTIBLE NOTES (PRE-EXTENSION)

Term	Summary
Price	Each Convertible Note has a face value of $1.00.
Interest Rates	The coupon rate is 12% per annum with all interest payable upon maturity or convertible upon conversion.
Conversion	The conversion price for each Convertible Note is $0.022 per share. This is equivalent to 18,454,574 Shares.
Security	The Convertible Notes are unsecured, with the money owing to each Noteholder by the Company ranking pari passu and pro rata between each Noteholder without any priority or preference between them.
Maturity Date	6 months from the date of payment to the Company (unless extended by mutual agreement between the Company and Noteholders).

SCHEDULE 3 – SUMMARY OF KEY TERMS AND CONDITIONS OF THE PARTIAL CONVERSION

Term	Summary
Number of Convertible Notes	42,000
Price	Each Convertible Note has a face value of $1.00.
Conversion	The conversion price for each Convertible Note was $0.022 per share. This is equivalent to 1,909,091 Shares.
Early Conversion	In return for the Noteholder agreeing to the Partial Conversion, the Company agreed to issue the Noteholder with a number of additional Shares which would change the effective issue price of the Shares, from $0.022 per share to $0.009 per share. The Company agreed to issue the Noteholder with a total of 4,666,667 Shares comprising: 2,757,576 Incentive Shares and 1,909,091 Shares.

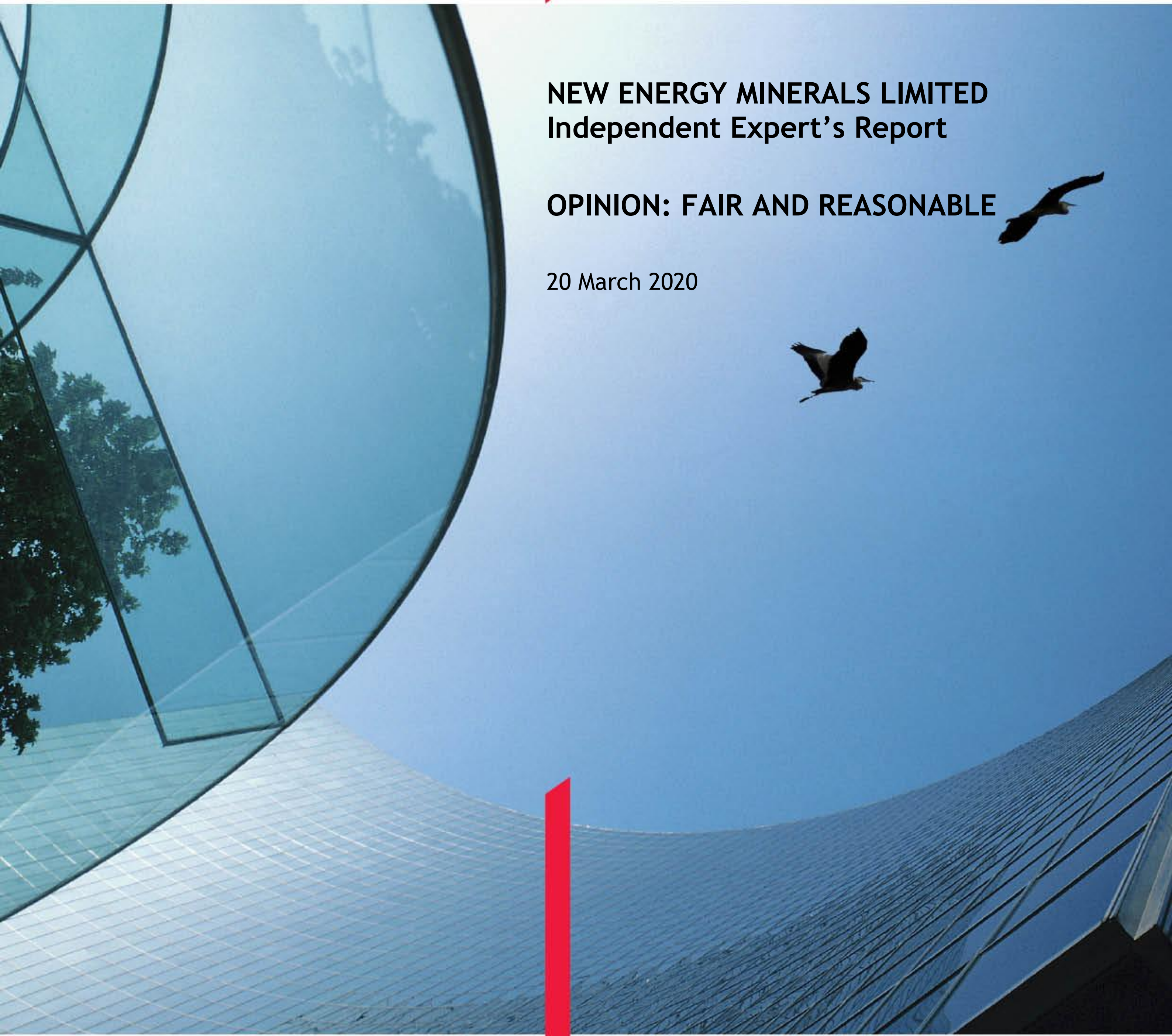
SCHEDULE 4 – SUMMARY OF KEY TERMS AND CONDITIONS OF THE CONVERTIBLE NOTES (POST-EXTENSION)

Term	Summary
Price	Each Convertible Note has a face value of $1.00.
Interest Rates	The coupon rate is 12% per annum with all interest payable upon maturity or convertible upon conversion.
Conversion	The conversion price for each Convertible Note is $0.022 per share. This is equivalent to 18,454,574 Shares.
Security	The Convertible Notes are unsecured, with the money owing to each Noteholder by the Company ranking pari passu and pro rata between each Noteholder without any priority or preference between them.
Original Maturity Date	6 months from the date of payment to the Company (unless extended by mutual agreement between the Company and Noteholders).
Extension of Maturity Date	6 months from the Original Maturity Date.
New Maturity Date	12 June 2020.
Interest Payment	Interest accrued up until the Original Maturity Date will be paid on 12 December 2019. Interest Rates will continue to apply to the Convertible Notes during the Extension until the New Maturity Date.
Bonus Shares	As a bonus for accommodating the Company with the extension of the maturity date for the Convertible Notes, the Company agreed to issue, by reference to an implied conversion at the conversion price, each Noteholder with 1 Bonus Share for every 2 implied conversion shares. This resulted in the Company issuing a total of 9,227,273 Bonus Shares to the Noteholders.

NEW ENERGY MINERALS LIMITED
Independent Expert's Report

OPINION: FAIR AND REASONABLE

20 March 2020



Financial Services Guide

20 March 2020

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 (‘**we**’ or ‘**us**’ or ‘**ours**’ as appropriate) has been engaged by New Energy Minerals Limited (‘**New Energy**’) to provide an independent expert’s report on the proposal to sell New Energy’s 50% interest in Balama Resources Pty Ltd. You are being provided with a copy of our report because you are a shareholder of New Energy and this Financial Services Guide (‘**FSG**’) is included in the event you are also classified under the Corporations Act 2001 (‘**the Act**’) as a retail client.

Our report and this FSG accompanies the Notice of Meeting required to be provided to you by New Energy to assist you in deciding on whether or not to approve the proposal.

Financial Services Guide
This FSG is designed to help retail clients make a decision as to their use of our general financial product advice and to ensure that we comply with our obligations as a financial services licensee.

This FSG includes information about:

- Who we are and how we can be contacted;
- The services we are authorised to provide under our Australian Financial Services Licence No. 316158;
- Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- Any relevant associations or relationships we have; and
- Our internal and external complaints handling procedures and how you may access them.

Information about us
We are a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide professional services primarily in the areas of audit, tax, consulting, mergers and acquisition, and financial advisory services.

We and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business and the directors of BDO Corporate Finance (WA) Pty Ltd may receive a share in the profits of related entities that provide these services.

Financial services we are licensed to provide
We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients, and deal in securities for wholesale clients. The authorisation relevant to this report is general financial product advice.

When we provide this financial service we are engaged to provide an expert report in connection with the financial product of another person. Our reports explain who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice
We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. If you have any questions, or don’t fully understand our report you should seek professional financial advice.

Fees, commissions and other benefits that we may receive
We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately $15,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report and our directors do not hold any shares in New Energy.

Other Assignments - In February 2019, BDO was engaged by New Energy to provide a valuation report regarding the valuation of options issued to Directors in the half year ended 31 December 2018, for a fee of approximately $2,000.

In April 2019, BDO was engaged by New Energy to provide an Independent Expert Report as part of the original terms of the sale of New Energy's 50% shareholding in Balama Resources Pty Ltd for consideration of $7.0 million for a fee of approximately $30,000.

Remuneration or other benefits received by our employees
All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from New Energy for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals
We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution
Internal complaints resolution process
As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme
A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ('**AFCA**').

AFCA is an external dispute resolution scheme that deals with complaints from consumers in the financial system. It is a not-for-profit company limited by guarantee and authorised by the responsible federal minister. AFCA was established on 1 November 2018 to allow for the amalgamation of all Financial Ombudsman Service ('**FOS**') schemes into one. AFCA will deal with complaints from consumers in the financial system by providing free, fair and independent financial services complaint resolution. If an issue has not been resolved to your satisfaction you can lodge a complaint with AFCA at any time.

Our AFCA Membership Number is 12561. Further details about AFCA are available on its website www.afca.org.au or by contacting it directly via the details set out below.

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
AFCA Free call: 1800 931 678
Website: www.afca.org.au
Email: info@afca.org.au

You may contact us using the details set out on page 1 of the accompanying report.

This is a draft document and must not be relied on or disclosed or referred to in any document. We accept no duty of care or liability to you or any third party for any loss suffered in connection with the use of this document.

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PO Box 700 West Perth WA 6872
Australia

20 March 2020

The Directors
New Energy Minerals Limited
C/ MVP Financial, Level 1, 9 Bowman Street
SOUTH PERTH WA 6151

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 8 February 2019 New Energy Minerals Limited ('**New Energy**' or '**the Company**') announced that it had entered into a binding share sale and purchase agreement ('**SSPA**') with Auspicious Virtue Investment Holding Limited ('**Auspicious**') to sell its 50% interest in Balama Resources Pty Ltd ('**Balama**') for consideration of $7.00 million ('**Original Balama Transaction**'). New Energy shareholders approved the Original Balama Transaction on 14 May 2019.

On 28 January 2020 the Company announced that it had varied some of the terms of the SSPA with Auspicious for the sale by New Energy of its 50% interest in Balama ('**the Proposed Transaction**'). Balama holds the Company's interest in the Caula graphite and vanadium project ('**Caula Project**').

Under the Proposed Transaction, New Energy and Auspicious agreed to amend the consideration payable for New Energy's 50% interest in Balama to $3.50 million **('Consideration')**. Furthermore, Auspicious agreed to provide New Energy with an additional $1.00 million pre-completion loan **('Additional Loan')**, which was provided on 5 February 2020. This loan is in addition to the $0.60 million loan provided in September 2019 **('Loan')**. On completion of the Proposed Transaction, both the Loan and the Additional Loan, plus interest, will be deducted from the Consideration. Both the Loan and the Additional Loan are secured by a deed in favour of Auspicious, granting a first ranking specific security over 100% of the shares held by the Company in Balama.

The Original Balama Transaction included a proposal to conduct an equal access capital reduction under which the Company would provide a return of capital to its shareholders of an amount equal to 60% of the purchase price, net of transaction costs. This term has been varied and is no longer included in the Proposed Transaction.

Auspicious, an investment vehicle owned by Mr. Louis Ching, currently holds the remaining 50% interest in Balama and therefore will hold 100% of the Balama shares on issue at the completion of the Proposed Transaction. Mr. Ching currently holds a 15.09% interest in New Energy and is a director of Balama. Following completion of the Proposed Transaction, New Energy will have no further interest in the Caula Project, which is currently New Energy's main business undertaking.

2. Summary and Opinion

2.1 Requirement for the report

The directors of New Energy have requested that BDO Corporate Finance (WA) Pty Ltd (‘**BDO**’) prepare an independent expert’s report (‘**our Report**’) to express an opinion as to whether or not New Energy’s proposed disposal of its 50% interest in Balama to Auspicious is fair and reasonable to the non-associated shareholders of New Energy (‘**Shareholders**’). BDO prepared an independent expert report dated 9 April 2019 for the Original Balama Transaction. Our opinion was that the Original Balama Transaction was fair and reasonable to Shareholders.

Our Report is prepared pursuant to ASX Listing Rule 10.1 and is to be included in the Notice of Meeting for New Energy in order to assist the Shareholders in their decision whether to approve the Proposed Transaction.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission (‘**ASIC**’) Regulatory Guide 111 ‘Content of Expert’s Reports’ (‘**RG 111**’) and Regulatory Guide 112 ‘Independence of Experts’ (‘**RG 112**’).

In arriving at our opinion, we have assessed the terms of the Proposed Transaction as outlined in the body of this report. We have considered:

- how the value of the assets being disposed compares to the value of the consideration to be received for the assets;
- the likelihood of an alternative offer being made to New Energy;
- other factors which we consider to be relevant to the Shareholders in their assessment of the Proposed Transaction; and
- the position of Shareholders should the Proposed Transaction not proceed.

2.3 Opinion

We have considered the terms of the Proposed Transaction as outlined in the body of this report and have concluded that, in the absence of an alternate offer, the Proposed Transaction is fair and reasonable to Shareholders.

We note that there have been significant changes in global economic conditions and outlook, as well as volatility in capital markets as a result of the COVID-19 outbreak. These factors can create significant uncertainty around the valuation of assets. However, in the case of the Proposed Transaction, we consider there to be no impact on our opinion, as the Consideration comprises entirely of cash, and the Balama tenements are early stage exploration assets.

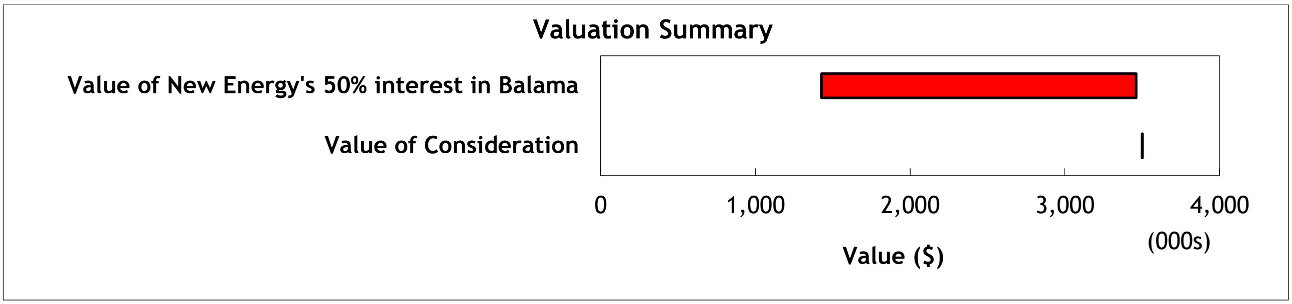
2.4 Fairness

In Section 12 we determined that the Proposed Transaction consideration compares to the value of New Energy, as detailed below.

	Ref	Low $	Preferred $	High $
Value of New Energy's 50% interest in Balama	10	1,428,759	2,445,259	3,461,759
Value of Consideration	11	3,500,000	3,500,000	3,500,000

Source: BDO analysis

The above valuation ranges are graphically presented below:



Source: BDO analysis

The above pricing indicates that, in the absence of any other relevant information, and an alternate offer, the Proposed Transaction is fair and reasonable for Shareholders.

2.5 Reasonableness

We have considered the analysis in Section 13 of this Report, in terms of both:

- advantages and disadvantages of the Proposed Transaction; and
- other considerations, including the position of Shareholders if the Proposed Transaction does not proceed and the consequences of not approving the Proposed Transaction.

In our opinion, the position of Shareholders if the Proposed Transaction is approved is more advantageous than the position if the Proposed Transaction is not approved. Accordingly, in the absence of any other relevant information and/or an alternate proposal we believe that the Proposed Transaction is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
13.1.1	The Proposed Transaction is Fair	13.2.1	Shareholders' investment profile will change as a result of the Proposed Transaction
13.1.2	The Proposed Transaction provides an opportunity to realise value from the Caula Project	13.2.2	Risk of not acquiring other suitable investment opportunities
13.1.3	The Proposed Transaction provides cash reserves required by the Company	13.2.3	ASX Listing

Other key matters we have considered include:

Section	Description
14.1	Alternative proposal
14.2	Potential movement in share price
14.3	Repayment of Loan and Additional Loan
14.4	Ability to continue as a going concern
14.5	Selective capital reduction
14.6	Break fee

3. Scope of the Report

3.1 Purpose of the Report

ASX Listing Rule 10.1 requires that a listed entity must obtain shareholders' approval before it acquires or disposes of, or agrees to acquire or dispose of a substantial asset, when the consideration to be paid for the asset or the value of the asset being disposed constitutes more than 5% of the equity interest of that entity at the date of the latest published accounts. Based on the reviewed accounts as at 31 December 2019, the value of the consideration to be paid for New Energy's 50% interest in Balama is approximately 88% of the equity of New Energy.

Listing Rule 10.1 applies where the vendor or acquirer of the relevant assets is a related party of the listed entity.

In this case, the acquirer, Auspicious, is owned by Mr. Louis Ching. Mr. Ching holds 15.09% interest in New Energy and is a director of New Energy's subsidiary company, Balama. Therefore, Mr. Ching is considered a related party of New Energy.

Listing Rule 10.5.10 requires the Notice of Meeting for shareholders' approval to be accompanied by a report by an independent expert expressing their opinion as to whether the transaction is fair and reasonable to the shareholders whose votes are not to be disregarded.

Accordingly, an independent experts' report is required for the Proposed Transaction. The report should provide an opinion by the expert stating whether or not the terms and conditions in relation thereto are fair and reasonable to non-associated shareholders of New Energy.

3.2 Regulatory guidance

Neither the Listing Rules nor the Corporations Act defines the meaning of 'fair and reasonable'. In determining whether the Proposed Transaction is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

This regulatory guide suggests that, where an expert assesses whether a related party transaction is 'fair and reasonable' for the purposes of ASX Listing Rule 10.1, this should not be applied as a composite test — that is, there should be a separate assessment of whether the transaction is 'fair' and 'reasonable', as in a control transaction. An expert should not assess whether the transaction is 'fair and reasonable' based simply on a consideration of the advantages and disadvantages of the proposal.

We do not consider the Proposed Transaction to be a control transaction. As such, we have used RG 111 as a guide for our analysis but have considered the Proposed Transaction as if it were not a control transaction.

In determining whether the advantages of the Proposed Transaction outweigh the disadvantages, we have had regard to the views expressed by ASIC in RG 111. This Regulatory Guide suggests that an opinion as to whether the advantages of a transaction outweigh the disadvantages should focus on the purpose and outcome of the transaction, that is, the substance of the transaction rather than the legal mechanism to affect it.

RG 111 sets out that the expert should inquire whether further transactions are planned between the entity, the vendor or their associates and if any are contemplated determine if these are at arm's length.

RG 111 also suggests that an expert should consider whether the transaction will deter the making of a takeover bid.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is equal to or greater than the value of the securities subject of the offer. In the case of New Energy, the 50% interest in Balama is the subject of the offer. The value of the Consideration is the cash received from Auspicious of $3.50 million. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. RG 111 states that when considering the value of the securities subject of the offer in a control transaction the expert should consider this value inclusive of a control premium. However, as stated in Section 3.2 we do not consider that the Proposed Transaction is a control transaction.

Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any alternate options.

Having regard to the above, BDO has completed this comparison in two parts:

- a comparison between the value of New Energy's 50% interest in Balama being disposed and the value of the consideration provided from Auspicious (fairness – see Section 12 'Is the Proposed Transaction Fair?'); and
- an investigation into other significant factors to which Shareholders might give consideration, prior to approving the resolution, after reference to the value derived above (reasonableness – see Section 13 'Is the Proposed Transaction Reasonable?').

RG 111 suggests that the main purpose of an independent expert's report is to adequately deal with the concerns that could reasonably be anticipated of those persons affected by the transaction. Having regard to RG 111, we have completed our Report as follows:

- an investigation into the advantages and disadvantages of the Proposed Transaction (Sections 13.1 and 13.2); and
- an analysis of any other issues that could be reasonably anticipated to concern Shareholders as a result of the Proposed Transaction (Section 14).

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('**APES 225**'). A Valuation Engagement is defined by APES 225 as follows:

'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225. However, we note that there have been significant changes to the global economic conditions and economic outlook resulting from the global COVID-19 outbreak however as set out in section 2.3 we do not consider this to have an impact on our valuation due to the early stage of the Balama tenements.

4. Outline of the Proposed Transaction

On 8 February 2019 New Energy announced it had entered into an SSPA with Auspicious for the disposal of New Energy's 50% interest in Balama for cash consideration of $7.00 million. New Energy shareholders approved the Original Balama Transaction on 14 May 2019.

On 28 January 2020 New Energy announced it had varied some of the terms of the SSPA with Auspicious for the disposal by New Energy of its 50% interest in Balama.

Under the Proposed Transaction, New Energy and Auspicious agreed to amend the Consideration for New Energy's 50% interest in Balama to $3.50 million. Furthermore, Auspicious has advanced the Additional Loan of $1.00 million to New Energy, which is in addition to the Loan ($0.60 million) provided in September 2019. The Additional Loan is to be used solely for operational expenditure and working capital, including costs associated with planned legal actions as described in Section 5.3. On completion of the Proposed Transaction, both the Loan and the Additional Loan, plus interest, will be deducted from the Consideration. In addition, all intercompany receivables and intercompany payables will be written off by New Energy under clause 9 of the SSPA, following approval of the Proposed Transaction.

The Original Balama Transaction included a proposal to conduct an equal access capital reduction under which the Company would provide a return of capital to its shareholders of an amount equal to 60% of the purchase price, net of transaction costs. As a result of the weakened graphite and vanadium markets and challenges and delays experienced by New Energy over the last twelve months, this term has been removed from the SSPA as part of the variation deed, and a return of capital to Shareholders will no longer form part of the Proposed Transaction.

Auspicious, an investment vehicle owned by Mr. Louis Ching, currently holds the remaining 50% interest in Balama and therefore will hold 100% of the Balama shares on issue following completion of the Proposed Transaction. Mr. Ching currently holds a 15.09% interest in New Energy and is a director of Balama. Following completion of the Proposed Transaction, New Energy will have no further interest in the Caula Project, which is currently New Energy's main business undertaking.

Completion of the Proposed Transaction is conditional on the following conditions (**'Conditions Precedent'**) being met or waived on or before 30 June 2020:

a) New Energy procures an Independent Expert's Report that states the Independent Expert's opinion that the Proposed Transaction is either fair and reasonable, or not fair but reasonable to the Shareholders;

b) Shareholders approve the Proposed Transaction at a meeting held in accordance with ASX Listing Rule 10.1 and ASX Listing Rule 11.2;

c) New Energy must receive a Binding Tax Opinion in a form capable of satisfying the Mozambique Ministry of Minerals for the purpose of obtaining the Ministerial Authorisations; and

d) New Energy must receive Ministerial Authorisations.

In the event that the Conditions Precedent are not met or waived, or if any Condition Precedent becomes incapable of being satisfied, the Company must repay the $0.60 million Loan, and the $1.00 million Additional Loan, together with interest accumulated thereon, within 30 days. Both the Loan and the Additional Loan are secured by a security deed provided in favour of Auspicious, granting a first-ranking specific security over 100% of the shares held by the Company in Balama.

5. Profile of New Energy

5.1 History

New Energy is an Australian mining and exploration company focused on the development of battery mineral assets in the south-east African nation of Mozambique. Through its 50% interest in Balama, New Energy holds an interest in the Caula Graphite-Vanadium Project (**'Caula Project'**) located in the Cabo Delgado Province of Northern Mozambique. New Energy listed on the ASX in 2002, and has its head office located in South Perth, Western Australia.

New Energy's current board members and senior management comprise:

- Mr. Ian Daymond – Non-Executive Chairman;
- Mr. Christiaan Jordaan – Managing Director;
- Mr. Paul Ching – Non-Executive Director;
- Mr. Jackie Lee - Non-Executive Director; and
- Mr. Robert Marusco – Chief Financial Officer and Company Secretary.

New Energy was formerly known as Mustang Resources Limited, prior to its corporate name change on 2 October 2018. The name change reflects its focus on the exploration and mining of vanadium and graphite, two commodities critical for the new energy market.

5.2 Projects

Caula Project

Through Balama, New Energy holds an interest in the Caula Project, which is prospective in graphite and vanadium. Located in the Cabo Delgado Province of Northern Mozambique, the Caula Project spans an area of approximately 31.9 square kilometres (**'km^2'**) and is located approximately 230 kilometres (**'km'**) west of the provincial capital of Pemba and 35km north of the town of Montepuez. The project is situated nearby to the world's largest producing graphite mine and close to transport infrastructure, including the ports of Pemba and Nacala.

New Energy acquired 100% of the issued capital of Balama in late 2014, including Balama's 80% interest in the project vehicle for the Caula Project, Tcaumba Minerals S.A. The remaining 20% is owned by a local partner.

Exploration drilling commenced at the Caula Project in 2016 and continued into 2018. The most recent results of which were announced following a feasibility study drilling program completed in September 2018, highlighting JORC (measured) vanadium resource of 22 Mt @ 0.37% for 81,600 tonnes of vanadium pentoxide and within the same deposit and JORC (measured) graphite resources of 21.9 Mt @ 13.4% for 2.93 million tonnes of contained graphite.

In November 2018 New Energy Entered into a JV partnership with Auspicious, in which Auspicious acquired a 50% interest in Balama through a $3.50 million asset level investment.

Metallurgical tests were conducted on the Caula Project by NGS Trading and Consulting GmbH during the first quarter of 2019. The Caula Project achieved ratios of up to 430 mL/g for the oxide zone and fresh zone, and an average expansion volume of 295 mL/g.

Other mineral assets

Through additional subsidiaries of Balama Resources, New Energy also owns an interest in three mining tenements spanning 341.5km^2 in the region surrounding the Caula Project. Balama holds 100% of tenements 6363L and 7560L through its wholly owned subsidiaries RQL Graphite S.A. and Montepuez Mineral Resources S.A. In addition, Balama holds mining license 5873L through a 60% interest in an unincorporated JV.

Except for license 5873L, the licenses are remotely located and no exploration has been conducted to date.

5.3 Corporate Events

On 8 January 2018 New Energy announced it had secured a $19.95 million funding package with Arena Investors LP (**'Arena'**), through a multi-tranche convertible note facility (**'Arena Facility'**). Funds were to be made available in seven tranches, to fund the ongoing development of the Montepuez and Caula Projects.

On 8 January 2018 New Energy announced its offer of a 1-for-5 non-renounceable entitlement issue to eligible shareholders at an offer price of 2.6 cents per share to raise up to $4.00 million. Funds raised were to contribute to the ongoing development of the Montepuez and Caula Projects. Note that New Energy undertook a 1 for 10 share consolidation in September 2018. Therefore the above capital raising price of 2.6 cents on a pre-consolidation basis, is in fact $0.26 on a post-consolidation basis.

On 22 February 2018 further to its announcement of 8 January 2018, New Energy proposed revised terms of the entitlement issue to raise up to $4.44 million through a 1-for-4 issue at 2.3 cents per share ($0.23 on a post-consolidation basis).

On 27 March 2018 New Energy announced the results of the entitlement issue in which $2.47 million was raised through the issue of 106.81 million shares at 2.3 cents per share ($0.23 on a post-consolidation basis). The total raised included $0.76 million of shortfall taken up by eligible shareholders, to be issued within three months.

On 17 July 2018 New Energy announced an agreement to merge all its ruby assets (**'Montepuez Assets'**) with Fura Gems Inc. (**'Fura'**) for consideration of $10.0 million in Fura shares to be paid in three tranches over 20 months (**'Fura Transaction'**). As part of the transaction, Fura committed to invest $25 million in further exploration and resource definition of the expanded Montepuez Project over three years.

On 13 August 2018 New Energy announced it had received formal commitments to raise approximately $2.40 million via a private placement to Company Directors and professional and sophisticated investors to advance the Caula Project. Of this amount, $2.18 million was raised through the issue of 158.66 million shares at 1.374 cents per share ($0.1374 on a post-consolidation basis).

On 15 August 2018 New Energy announced the agreement of key approvals and waivers with Arena relating to the Fura Transaction. Under the amended deed, Arena provided the required approvals for the transaction and agreed to waive the 15% termination fee on amounts not drawn, allowing New Energy to determine the extent to which they draw on finance, if at all. As at 1 August 2018, Arena held a total of $2.50 million in convertible notes in New Energy.

On 25 September 2018 New Energy completed a 1 for 10 consolidation of the Company's securities.

On 6 November 2018 New Energy announced that it had been served with a statutory demand notice by Arena, arising from debts allegedly owed by the Company in relation to the Arena Facility. The quantum of Arena claim was $5.10 million including a claim for a termination fee of $2.50 million (‘**Arena Dispute**’).

On 7 November 2018 New Energy announced it had entered into a binding agreement (**‘Agreement’**) with Hong Kong based investor group UBezTT International Investment Holding (BVI) Ltd (**‘UBezTT’**) led by Mr. Louis Ching, for a strategic equity placement and joint venture (**‘JV’**). Under the Agreement, the equity placement comprised the issue of 23,076,923 New Energy shares at an issue price of $0.065 to raise approximately $1.50 million. Concurrent with the equity placement, the Agreement involved a $3.50 million asset level investment and incorporated JV in Balama, through which Auspicious acquired a 50% holding. Funds raised from the Agreement were utilised for the Caula Project assays, metallurgical testing, pre-feasibility study, preparation work for Caula Phase 1 production and for general working capital purposes.

On 29 November 2018 New Energy announced an amendment to the Fura Transaction, under which the consideration was revised to $2.80 million cash, rather than the originally agreed 10.5 million shares in Fura. Concurrently, New Energy also entered into a loan agreement with Fura for the amount of $2.80 million which would be able to be drawn prior to the completion of the Fura Transaction, for the purpose of settling any claims under the Arena dispute. Upon completion of the Fura Transaction, the loan agreement will automatically terminate and any accrued capitalised interest will be waived by Fura. In the event that the Fura Transaction is not completed then all advances made by Fura under the loan agreement will be repayable together with interest thereon.

On 23 January 2019 New Energy announced that mediation to settle the Arena Dispute did not result in a resolution. Therefore, the Company’s application in the Supreme Court of Western Australia would proceed, with the court date set for 27 March 2019.

On 8 February 2019 New Energy announced the Original Balama Transaction, detailing the SSPA with Auspicious for the sale of the Company’s remaining 50% stake in Balama, for consideration of $7.00 million.

On 28 June 2019 the Company announced a one month extension of the conditions precedent end date to 1 August 2019 under the SSPA for the Original Balama Transaction, to allow for the satisfaction of the outstanding conditions precedent.

On 12 June 2019 the Company announced it had secured commitments for short term funding in the form of unsecured convertible notes totalling $0.46 million issued to sophisticated and professional investors. The funds were to be used for new project evaluation and due diligence costs, legal and other expenses related to the Original Balama Transaction, and for general working capital. The convertible note has a coupon rate of 12% per annum payable upon maturity, and a maturity date of six months from the date of payment to New Energy.

On 22 July 2019 New Energy announced that the Master of the Supreme Court of Western Australia confirmed his intention to set aside the statutory demand from Arena investors, as the Master considered that the Company had an arguable offsetting claim for economic duress against Arena.

On 21 August 2019 the Company announced Arena investors were required to pay New Energy’s costs of the application to set aside the statutory demand.

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

On 29 November 2019 New Energy announced a further extension of the conditions precedent end date under the SSPA for the Original Balama Transaction to 1 February 2020, to allow for the satisfaction of the outstanding conditions precedent.

On 10 December 2019 New Energy announced an extension of the aforementioned unsecured convertible notes issued on 12 June 2019. The facility was extended for an additional six months, with a new maturity date of 12 June 2020.

On 24 December 2019 the Company announced it had received a Writ of Summons and Statement of Claim filed in the Supreme Court of Western Australia by Arena, arising from debts allegedly owed by New Energy. Under the Writ of Summons, Arena's claim totals approximately $5.11 million, comprising a claim for principal of $2.50 million, a termination payment of $2.535 million, and the remainder interest.

On multiple dates throughout 2019 and January 2020, the Company announced it had further extended the Drop Dead Date (**'DDD'**) of the Fura Transaction to allow for the satisfaction of the receipt of Ministerial approval and a binding tax opinion from the tax authorities in Mozambique and other outstanding conditions precedent. The most recent extension was announced on 28 January 2020, as the Company further extended the DDD of the Fura Transaction from 31 January 2020 to 29 February 2020.

The Company's quarterly activities report released on 31 January 2020 included details relating to the termination of the Management and Technical Services Agreement (**'MTSA'**) with Regius Resources Group Limited (**'Regius'**) and planned legal actions to address disputes with Regius.

On 11 February 2020 New Energy announced a revision to the terms of the Fura Transaction whereby the consideration will be reduced from $2.8 million to a cash payment of $1.4 million. Fura will also be responsible for payment of all capital gains taxes levied by the Mozambique Government in connection with the sale of the New Energy Assets. Furthermore the $2.8 million loan agreement between Fura and NXE was formally terminated noting that no draw-down under the loan agreement was possible due to the non-satisfaction of the conditions precedent.

On 19 February 2020 New Energy announced that it had reached a settlement with Regius following mediation proceedings. Under the legally binding Settlement Heads of Agreement, New Energy is required to make payment of $0.12 million to Regius as remuneration for consultancy services provided in relation to the Fura Transaction and the Balama Transaction. Further, a payment of up to $0.60 million (inclusive of consideration for a 100% reduction in the shareholding of Regius in New Energy) to Regius is required subject to the prior completion of the Fura Transaction and the Balama Transaction.

On 27 February 2020 the Company announced progress had been made regarding the aforementioned claim by Arena. Arena was required to provide security in respect of New Energy's costs for the amount of $0.025 million by 28 February 2020.

5.4 Historical Statements of Financial Position

Statement of Financial Position	Reviewed as at 31-Dec-19 $	Audited as at 30-Jun-19 $	Audited as at 30-Jun-18 $
CURRENT ASSETS			
Cash and cash equivalents	145,955	288,862	879,394
Trade and other receivables	120,042	1,402,452	474,882
Held for sale assets	8,466,646	14,013,890	3,992,222
Prepayments	48,160	27,822	47,118
TOTAL CURRENT ASSETS	**8,780,803**	**15,733,026**	**5,393,616**
NON-CURRENT ASSETS			
Trade and other receivables	3,672	347,077	1,092,126
Property, plant and equipment	-	509,716	1,115,559
Exploration and evaluation assets	87,199	73,411	7,375,217
TOTAL NON-CURRENT ASSETS	**90,871**	**930,204**	**9,582,902**
TOTAL ASSETS	**8,871,674**	**16,663,230**	**14,976,518**
CURRENT LIABILITIES			
Trade and other payables	1,287,467	1,519,248	2,628,541
Liabilities associated with assets held for sale	66,646	99,047	-
Provisions	9,519	-	-
Interest bearing loans and borrowings	3,522,932	2,906,000	3,400,000
TOTAL CURRENT LIABILITIES	**4,886,564**	**4,524,295**	**6,028,541**
NON-CURRENT LIABILITIES			
Provisions	-	115,042	109,121
TOTAL NON-CURRENT LIABILITIES	**-**	**115,042**	**109,121**
TOTAL LIABILITIES	**4,886,564**	**4,639,337**	**6,137,662**
NET ASSETS	**3,985,110**	**12,023,893**	**8,838,856**
EQUITY			
Contributed equity	177,266,204	176,950,863	171,818,894
Reserves	22,969,695	26,057,107	17,927,753
Accumulated losses	(198,446,956)	(193,232,391)	(182,617,224)
Non-controlling interests	2,196,167	2,248,314	1,709,433
TOTAL EQUITY	**3,985,110**	**12,023,893**	**8,838,856**

Source: New Energy's reviewed financial statements for the half year ended 31 December 2019 and audited financial statements for the years ended 30 June 2019 and 30 June 2018

We note that in New Energy's reviewed accounts for the half year ended 31 December 2019 and audited accounts for the years ended 30 June 2019 and 30 June 2018, the Company's auditor issued an emphasis of matter in regards to the existence of a material uncertainty relating to the ability of New Energy to continue as a going concern. New Energy incurred a net loss after tax of $8.19 million for the half year ended 31 December 2019. As a result, New Energy must raise additional capital in order to meet its forecast operational and capital commitments.

Commentary on Historical Statement of Financial Position

- Current trade and other receivables decreased from $1.40 million at 30 June 2019 to $0.12 million at 31 December 2019, primarily due to a decrease in other receivables and trade debtors. At 30 June 2019 trade debtors and other receivables relate to amounts owed to the Company by related party Regius of $0.24 million and $0.91 million, respectively, which were subsequently written off at 31 December 2019.

- Held for sale assets of $14.01 million at 30 June 2019 relates to the value of the Company's Montepuez Assets and the Company's interest in licenses and concessions held in Balama. These were previously reflected as exploration and evaluation assets and are now reclassified to assets held for sale. We note that 100% of the Balama assets and liabilities are recognised in the New Energy balance sheet as it is consolidated to include the non-controlling interest held by Auspicious. We note that the consideration receivable for both the Original Balama Transaction and the Fura Transaction have both been reduced subsequent to 31 December 2019, as outlined in Company announcements on 28 January 2020 and 11 February 2020 respectively. The balance of held for sale assets decreased to $8.47 million at 31 December 2019 primarily as a result of impairment on the carrying value of the Caula Project.
- Non-current trade and other receivables of $0.35 million at 30 June 2019 related to VAT receivable from the Company's exploration activities in Mozambique, which was expected to be received in the following 12-18 months.
- Property plant and equipment decreased from $0.51 million at 30 June 2019 to $nil at 31 December 2019. As mentioned in Section 5.3 of our Report, the Company reached settlement with Regius which included the relinquishing of all plant and equipment held in Mozambique to Regius. Therefore, the balance of property plant and equipment was fully impaired.
- Exploration and evaluation assets of $0.09 million at 31 December 2019 related to expenditure carried forward in respect of the Caula Project. The balance decreased from $7.38 million at 30 June 2018 to $0.73 million at 30 June 2019 as the exploration and evaluation assets were reclassified as discontinued operations and assets held for sale.
- Liabilities associated with assets held for sale relates to trade and other payables owing on vanadium-graphite exploration activities on a number of licenses and concessions held in Balama.
- Interest bearing loans and borrowings of $3.52 million at 31 December 2019 related to the convertible notes issued to Arena under the July 2017 and January 2018 funding packages for $2.50 million, and convertible notes issued to sophisticated and professional investors in June 2019 for $0.41 million, in addition to the loan provided by Auspicious totalling $0.61 million including interest at 12% p.a.
- As at 30 June 2019 the Company recognised an invoice for historic costs to the amount of $1,165,506 that it received from Regius in April 2019 as a contingent liability. This amount was disputed, however the matter was subsequently resolved and as announced to the market on 20 February 2020, both parties were released from all claims.

We note that after the financial year end the Company has received a Writ of Summons and Statement of Claim filed in the Supreme Court of Western Australia by Arena, relating to debts allegedly owed by the Company. The claim totals approximately $5.11 million comprising a claim for principal of $2.5 million, a termination payment of $2.535 million and the remainder interest. We note that the principal amount of $2.5 million included in this claim is recorded in the 31 December 2019 balance of interest bearing loans and borrowings. The Company announced on 27 February 2020, that it was preparing a defence and counterclaim in relation to this action.

5.5 Historical Statement of Profit or Loss and Other Comprehensive Income

Statement of Comprehensive Income	Reviewed for the year ended 31-Dec-19 $	Audited for the year ended 30-Jun-19 $	Audited for the year ended 30-Jun-18 $
Revenue			
Interest income	10,177	7,164	5,165
Debt forgiveness	-	62,836	-
Gain on sale of assets	-	232,723	20,770
Foreign exchange gain (loss)	(550)	(2,871,030)	(241,248)
Finance income (expense)	(303,227)	(364,837)	(6,321,440)
Expenses			
Impairment of held for sale asset	-	(1,192,222)	-
Write off of exploration and evaluation	-	(851,438)	(9,328,467)
Administration costs	(2,444,612)	(4,337,245)	(3,809,282)
Fair value loss on financial asset held at fair value though P&L	-	-	(159,658)
Depreciation	-	(310,770)	(210,303)
Loss from continuing operations before income tax	**(2,738,212)**	**(9,624,819)**	**(20,044,463)**
Income tax expense	-	-	-
Loss from continuing operations after income tax	**(2,738,212)**	**(9,624,819)**	**(20,044,463)**
Loss from discontinued operations	**(5,450,211)**	**(317,117)**	**(23,206,944)**
Net loss for the period	**(8,188,423)**	**(9,941,936)**	**(43,251,407)**
Foreign currency translation reserve	(73,477)	-	-
Foreign currency translation gain (loss)	-	2,727,486	(304,933)
Total comprehensive loss for the year	**(8,261,900)**	**(7,214,450)**	**(43,556,340)**

Source: New Energy's reviewed financial statements for the half year ended 31 December 2019 and audited financial statements for the years ended 30 June 2019 and 30 June 2018

We note that in New Energy's reviewed accounts for the half year ended 31 December 2019 and audited accounts for the years ended 30 June 2019 and 30 June 2018, the Company's auditor issued an emphasis of matter in regards to the existence of a material uncertainty relating to the ability of New Energy to continue as a going concern. New Energy incurred a net loss after tax of $8.19 million for the half year ended 31 December 2019. As a result, New Energy must raise additional capital in order to meet its forecast operational and capital commitments.

Commentary on Statement of Profit or Loss and Other Comprehensive Income:

- Debt forgiveness of $0.06 million for the year ended 30 June 2019 related to New Energy's costs associated with setting aside the statutory demand by Arena, which were deemed to be payable by Arena, as detailed in Section 5.3 of our Report.
- Finance expenses decreased from $6.32 million for the year ended 30 June 2018 to $0.36 million for the year ended 30 June 2019. The finance expenses in FY18 included $3.46 million relating to costs of options issued in connection with convertible notes, as well as $1.75 million in convertible note interest and $1.1 million in convertible note costs. This expense in FY19 was significantly lower largely due to the conversion of existing convertible notes in July 2018. The unsecured convertible note deed under Arena's funding package, as mentioned under Section 5.3, was terminated in November 2018.
- The impairment of held for sale asset of $1.19 million for the year ended 30 June 2019 related to the reduction in the value of the Montepuez consideration to be received from Fura. Initially the

consideration for the Fura Transaction consisted of cash and shares in Fura valued at $3.99 million. During the half year ended 31 December 2019, the sale and purchase agreement for the Montepuez assets was adjusted to consist of a cash only offer of $2.80 million.

- Write off of exploration assets expense decreased from $9.33 million for the year ended 30 June 2018 to $0.85 million for the year ended 30 June 2019. The Caula Project graphite and vanadium licenses were impaired to $nil during the year ended 30 June 2019, and reclassified as discontinued operations and held for sale assets.
- Administration costs of $4.34 million for the year ended 30 June 2019 largely consisted of employee benefits expense and consulting fees expense of $1.22 million, share based payment expenses of $0.94 million, legal expenses of $0.40 million, marketing expenses of $0.39 million, and accounting and audit expenses of $0.39 million.
- Net loss from discontinued operations decreased from $23.21 million for the year ended 30 June 2018 to $0.32 million for the year ended 30 June 2019. During the year ended 30 June 2018, a net loss was recognised in relation to New Energy's Montepuez Assets being sold under the Fura Transaction.
- Net loss from discontinued operations increased from $0.32 million for the year ended 30 June 2019 to $5.45 million for the half year ended 31 December 2019. This was largely due to the impairment on the revised Original Balama Transaction value.

5.6 Capital Structure

The share structure of New Energy as 6 March 2020 is outlined below:

	Number
Total ordinary shares on issue	171,360,809
Top 20 shareholders	91,244,322
Top 20 shareholders - % of shares on issue	53.25%

Source: Share registry information

The range of shares held in New Energy as at 6 March 2020 is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	813	260,194	0.15%
1,001 - 5,000	986	2,728,689	1.59%
5,001 - 10,000	486	3,781,488	2.21%
10,001 - 100,000	850	27,936,584	16.30%
100,001 - and over	196	136,653,854	79.75%
TOTAL	**3,331**	**171,360,809**	**100%**

Source: Share registry information

The current unlisted options of New Energy on issue as at 9 March 2020 are outlined below:

Current Options on Issue	Number
Long-term performance rights (class A)	1,500,000

Current Options on Issue	Number
Long-term performance rights (class B)	6,000,000
Long-term performance rights (class C)	2,000,000
Long-term performance rights (class D)	2,000,000
Long-term performance rights (class F)	5,000,000
Listed options (expiry 26/11/20 @$0.20)	17,103,348
Unlisted options (expiry 31/03/20 @ $1.50)	300,000
Unlisted options (expiry 31/03/20 @ $2.00)	300,000
Unlisted options (expiry 20/07/20 @ $0.715)	218,182
Unlisted options (expiry 20/07/20 @ $1.17)	1,333,333
Unlisted options (expiry 20/07/20 @ $1.222)	1,276,596
Unlisted options (expiry 15/09/20 @ $1.17)	333,333
Unlisted options (expiry 16/10/20 @ $1.30)	180,000
Unlisted options (expiry 15/01/21 @ $0.307)	750,000
Unlisted options (expiry 13/03/21 @ $0.356)	500,000
Unlisted options (expiry 13/03/21 @ $0.323)	2,572,347
Unlisted options (expiry 29/05/21 @ $0.262)	4,174,950
Unlisted options (expiry 22/05/21 @ $0.273)	600,000
Unlisted options (expiry 25/10/20 @ $0.307)	308,759
Unlisted options (expiry 19/12/21 @ $0.14)	23,076,923
Unlisted options (expiry 20/12/22 @ $0.023)	5,000,000
TOTAL	**74,527,771**

Source: Share registry information

6. Profile of Auspicious

6.1 History

Auspicious is an investment holding company, incorporated in the British Virgin Islands, with its head office located in Sheung Wan, Hong Kong. Following the establishment of a JV partnership in November 2018, Auspicious holds the remaining 50% interest in Balama. Upon completion of the Transaction, Auspicious will be the sole shareholder of Balama, holding 100% of the shares on issue.

Auspicious is one of a number of investment holding vehicles owned by Mr. Ching, a Hong-Kong based businessman with extensive experience in commodity trading and business development in China, South-Korea and several other countries throughout Asia and Africa. Through another of his private investment vehicles, UBezTT, Mr. Ching is also a substantial shareholder of New Energy with a 15.09% interest.

7. Economic analysis

In this section we have provided commentary on trends in the Mozambique, Australian and global economies that we consider are relevant to New Energy. Unless specifically stated any future trend analysis does not take into account the possible effects of the COVID-19 pandemic. This is because we are unable to estimate these effects at this time.

7.1 Mozambique

Domestic growth

After a period of strong growth, averaging 7% per annum from 2004 to 2015, Gross Domestic Product ('**GDP**') growth in Mozambique dramatically declined to an estimated 3.5% in 2018. The decrease was primarily the result of a national debt crisis exposed in 2016, when $2 billion (representing approximately 10% of GDP) in hidden government loans were uncovered. The International Monetary Fund ('**IMF**') amongst other foreign aid agencies and investors subsequently withdrew their support triggering a currency collapse and a default on the country's sovereign debt.

GDP growth is expected to have fallen to 2.3% in 2019, on the back of lower coal production and the impact Tropical Cyclones Idai and Kenneth had on output, particularly on the agricultural industry. GDP growth is expected to recover towards 4.2% by 2021 as reconstruction efforts and developments provide additional stimulus to the economy. Poverty incidence is anticipated to have reached 60.4% of the population, however projections suggested a reversal of poverty reduction trends in 2019.

External debt levels remain unsustainably high. Total public and publicly guaranteed debt amounted to approximately 110% of GDP at the end of 2018, with external debt accounting for four-fifths of the total. By September 2019 total external debt was at $14.78 billion, representing a near 30% increase over the prior two years. The primary deficit narrowed from 5.8% to 1.5% of GDP between 2015 and 2018 due to substantial cuts to the investment budget, though the budget faces additional costs related to rehabilitation efforts following the tropical cyclones in 2019. Progress has been made in debt restructuring, though the outlook remains unknown. The IMF is unlikely to resume funding until beyond 2022 and the Country remains in default, therefore it has had to rely on fiscal measures to gradually reduce public debt.

Inflation

The hidden debt crisis triggered one of the most rapid devaluations and highest periods of inflation in the Metical's history. After peaking at over 26% in 2016 due to a significant depreciation of the national currency, inflation in Mozambique stabilised at an estimated average of 4.6% in 2018. The reduction was the result of tight monetary policy, lower food prices and the stabilisation of the exchange rate.

The IMF's economic forecast is for inflation to remain subdued, increasing slightly to 5.0% at the end of 2020.

Source: The World Bank, African Development Bank, International Monetary Fund

7.2 Australia

The Australian economy grew at 2% over 2019. The Reserve Bank of Australia ('**RBA**') had been predicting growth of approximately 2.75% for 2020, based on low interest rates, lower exchange rates, a rise in mining investment, high levels of spending on infrastructure and an expected recovery in residential construction. However as a result of the COVID-19 outbreak and the Australian bushfires, this momentum has been significantly disrupted. The RBA estimates that GDP growth will be half a percentage point lower in the March quarter due to the impact on tourism and education exports alone. The broader economy is likely to feel the impact in coming months, however it is too early to predict the long-term effects.

COVID-19 is currently having a significant impact on the Australian economy and financial system, along with creating considerable volatility in financial markets. Equity prices have experienced large declines, and the yield on government bonds has fallen to historic lows.

The federal government announced a $17.6 billion stimulus package on 12 March 2020 to provide short-term support to the economy. On 19 March 2020, the RBA announced it would implement a number of measures including:

- lowering the cash rate by a further 25 basis points to 0.25%, along with a commitment to maintain it at this level until progress is made towards full employment and it is confident that mid-term inflation will fall within the 2% to 3% target band.
- A target for the yield on 3-year Australian Government bonds of approximately 0.25%, which will be achieved through the purchases of Government bonds in the secondary market.
- A term funding facility for the banking system, with particular support for credit to small and medium-sized businesses, and a complementary program of support for the non-bank financial sector.
- Exchange settlement balances at the RBA will be remunerated at 10 basis points, rather than zero, which will mitigate the cost to the banking system associated with the large increase in banks' settlement balances at the RBA as a result of the policy actions.

Once the COVID-19 is contained, the RBA expects the Australian economy to recover. In the interim, the RBA is focusing on reducing the economic and financial disruption and supporting jobs, incomes and businesses.

Source: www.rba.gov.au *Statement by Philip Lowe, Governor: Monetary Policy Decision 19 March 2020,and Monetary Policy Decision 3 March 2020*

7.3 Global

The global economy grew above trend in 2019 at an estimated 2.90%, despite trade policy uncertainty and geopolitical tensions in key emerging markets. Central banks cut rates by mid-2019, in response to increased protectionism and heightened political risks. Interest rates were increasingly low around the world throughout 2019. In Australia, Government bond yields declined by more than 1 percentage point, resulting in accommodative funding conditions for corporate and household borrowing.

The balance of risks to the global outlook remains on the downside, though less tilted towards adverse outcomes as conditions in the global economy remain supportive. Global growth is anticipated to increase to 3.30% and 3.40% in 2020 and 2021, respectively. This reflects signs of tentative stabilisation in the manufacturing sector, diminishing geopolitical risks, and global monetary stimulus across advanced and emerging market economies expected to continue into 2020.

Weak trade outcomes continued to restrict growth especially in export-orientated economies in 2019. Manufacturing activity and output levels have stabilised, though remained at low levels. Ongoing uncertainty unfavourably affected the business confidence in consumers, translating into weaker external demand conditions in the service sector. Growth was hindered on the back of a decline in real levels of retail sales and fixed asset investment in China and the extended monsoon season in India.

Core inflation in advanced economies was below target despite tight conditions in labour markets and higher wages growth. Higher meat prices supported an increase in headline inflation in China, though core inflation remained relatively unchanged at a low rate.

The global economy will be materially weaker beyond the March quarter as a result of the COVID-19 outbreak.

Source: *Minutes of the Monetary Policy Meeting of the Reserve Bank Board, August 2019 and International Monetary Fund, World Economic Outlook, January 2020*

8. Industry analysis

8.1 Graphite

Graphite is one of the three allotropes of carbon, along with coal and diamonds. In its natural form, it is a very soft and low density mineral with a metallic lustre. Graphite has a unique combination of both metallic and non-metallic properties making it suitable for a variety of industrial and electronic end uses and in many cases, unable to be substituted. It is highly refractory, flexible, lubricant and chemically inert and is also considered to be the most electrically and thermally conductive of non-metals.

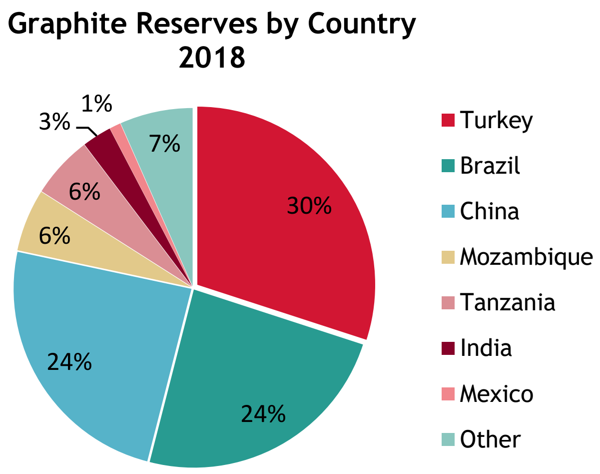
Natural graphite occurs primarily in three forms, flake, amorphous, and vein graphite. Flake graphite occurs as carbon flakes which crystallise in metamorphic rocks and form large disseminated deposits, while amorphous graphite refers to smaller crystal-like particles found in similar geologies. Vein graphite is considered the rarest form of graphite and occurs in veins intruding igneous rocks. It is mined as solid lumps in small quantities, currently only in Sri Lanka. The majority of global graphite produced is flake and amorphous graphite. Graphite can also be recycled and some graphite powders synthetically manufactured.

The majority of global graphite production is used for refractory applications in steelmaking and metallurgy, and to a lesser extent in a wide variety of applications for the automotive industry - in brake linings, spark plugs, bearings, gaskets, clutch materials and more. In the past decade however, growth in the graphite market has been driven primarily by emerging technologies including large-scale fuel cells, lithium-ion batteries, aerospace, pebble-bed nuclear reactors, solar power and to make graphene.

Most portable electronic devices such as laptops, tablets and smartphones use lithium-ion batteries, with the average smartphone battery containing about 15 grams of graphite. Significant growth in the electric vehicle and battery storage industries have further driven demand for graphite for use in lithium-ion batteries, which contain approximately 10 times the amount of graphite as they do lithium.

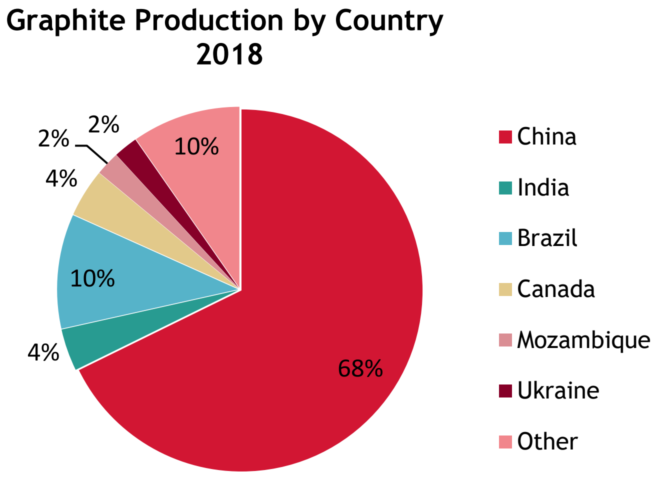
Global Reserves and Production

Collectively, Turkey, Brazil and China account for approximately 80% of the world's 300 million tonnes of known graphite reserves, while Mozambique and Tanzania each possess 6%, as shown below.



Source: USGS 2019

China is the world's leading producer of natural graphite, responsible for approximately 68% of global production in 2018. Approximately 44% of China's graphite production was amorphous graphite, and 56% flake. New thermal technology and acid-leaching techniques have allowed for higher purity graphite powders to be produced. A graph illustrating graphite production by country for 2018 is shown below.



Source: USGS 2019

Pricing and Outlook

There is no spot or futures market for graphite, rather prices are set by private treaty on a contract basis. Graphite prices are determined based on particle (flake) size, carbon content (purity), shape, thickness (layers) and application. The historical average annual price of flake graphite according to the United States Geological Survey (**'USGS'**) is set out in the table below.

Graphite flake import price	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Average price per tonne at foreign ports (US$)	1,480	1,390	1,460	1,710	1,270	1,330	1,370	1,180	720	694

Source: USGS 2019 & 2013

Traditionally, demand for graphite has been driven by the steel and automotive manufacturing industries and long-term contracts have characterised the industry. Following the GFC, as the global downturn was felt by these key consumption industries, demand decreased and graphite prices subsequently declined. A stronger than expected rebound in demand for graphite in 2010 and 2011 however, saw prices peak well above pre-GFC levels and contract lengths shorten as consumers sought to lock in available supply.

In the last decade, demand for graphite has continued to steadily increase, largely as the result of improving global economic conditions which have benefitted key consumption industries. Subsequent periods of under-supply have seen prices fluctuate, although global supply has also gradually increased. While this has allowed prices to stabilise, it has been at a new higher base, reflective of the growing global demand for graphite.

While traditional industrial industries will continue to play a significant role in sustaining the demand for graphite, emerging technologies are expected to drive an increase in global demand going forward. Increasing investment in the manufacture of large-scale fuel cell and battery applications for energy storage and electric vehicles in particular, will require significant amounts of high-grade graphite. Tesla's

Nevada Gigafactory for example, is expected to produce 500,000 electric vehicles per year, with the average fully electric vehicle requiring approximately 50 kilograms of graphite.

Source: USGS 2019, Bloomberg, IBIS World

8.2 Vanadium

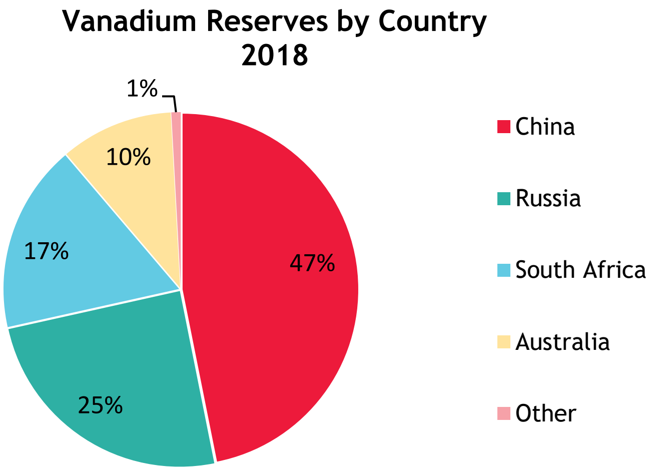
Vanadium is a soft, ductile, silver-grey metal that is found in more than 60 minerals as a trace element in a number of different rock types. It does not occur naturally in its metallic form, rather is derived from mined ore, either as either a primary or co-product from direct mineral concentrates such as magnetite (approximately 30% of production), or as a by-product of steel making slags (approximately 70% of production). Vanadium can also be recovered from wastes such as fly ash, oil residues and waste solutions from the processing of uranium ores.

The primary use for vanadium is in alloys, particularly high-strength steel and titanium production for the aerospace, construction and automobile industries. It is also used in the production of ceramics and electronics, textile dyes, fertilisers, synthetic rubber, in welding, nuclear engineering and to a growing extent, in the development of fuel cells and vanadium redox flow batteries (‘**VRB**’).

VRB technology offers large-scale, light-weight, rechargeable and durable battery-store solutions which are being increasingly implemented in the renewable energy industry. VRB’s also have considerable potential for use in the electric vehicle industry, with higher-voltage, superior energy density and longer life expectancy than lithium-ion batteries.

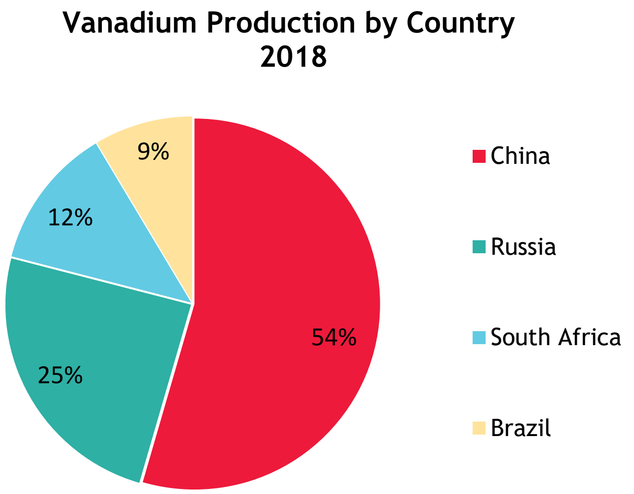
Global Reserves and Production

According to the USGS, world resources of vanadium exceed 63 million tonnes in 2018, however as vanadium often occurs in minute amounts in various rocks or as a co-product or by-product of bauxite, coal, crude oil, shale oil and tar sands, resources are not full indicative of available supplies. The graph below exhibits the four countries which combined, host approximately 99% of the 20 million tonnes of vanadium reserves considered to be recoverable. China hosts the largest global reserve at approximately 47%.



Source: USGS 2019

China is the world's largest vanadium producer and was one of just four countries which recorded production in 2018. Total global vanadium production for the year was 73,000 tonnes, led by China (54%), Russia (25%), South Africa (12%) and Brazil (9%).



Source: USGS 2019

Pricing and Outlook

Vanadium trading prices are difficult to verify, with no central market recording prices. The price of ferrovanadium generally trades at a premium to vanadium pentoxide, the co-product of the Caula Project.

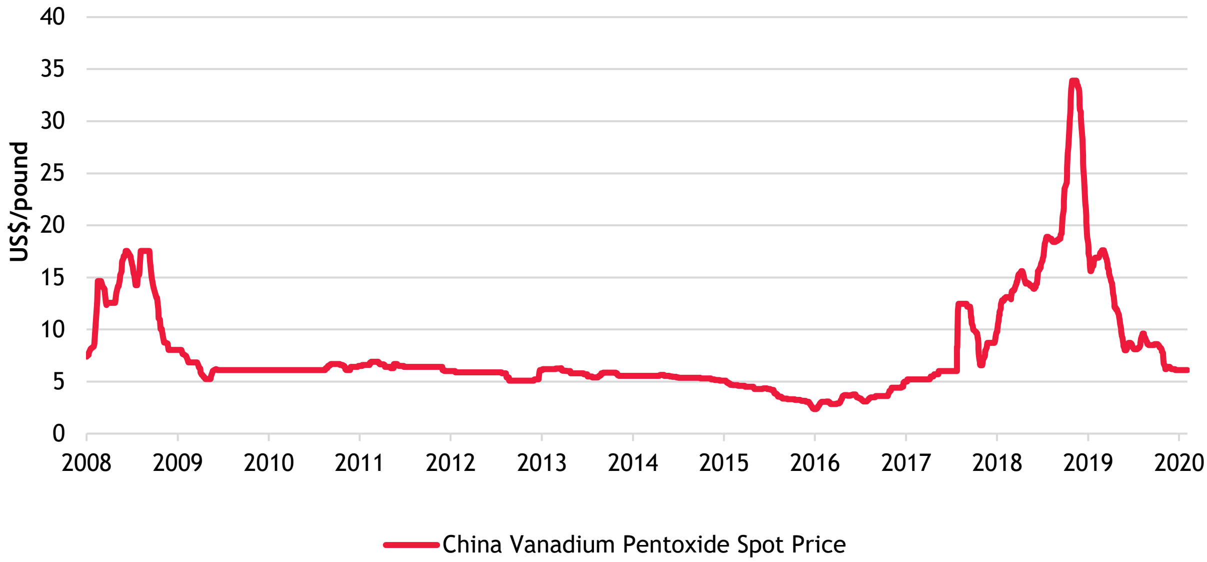
The average annual price of vanadium pentoxide over the past decade according to the USGS is set out below:

Vanadium pentoxide	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Average price per pound (US$)	14.00	7.16	3.38	4.16	5.61	6.04	6.52	6.76	6.46	5.43

Source: USGS 2019 & 2013

The graph below shows trends in the vanadium spot price from 2008 to 2020, based on the Asian Metal Inc. China Vanadium Pentoxide Flake 98% FOB Spot Price Index.

Vanadium Pentoxide Historical Price
(Asian Metals Inc Index)



Historically, the stability of the vanadium market can be attributed to its use primarily in steel production, although in the last two decades, the market has been characterised by periods of under-supply causing price spikes.

A long period of global oversupply in the late 90's and early 2000's saw a number of vanadium producers exit the market, despite growing demand. Ultimately, this led to a global shortage in 2005, and vanadium prices reach an all-time peak, as China become a net importer of vanadium rather than a net exporter. The gradual development of additional vanadium mines has since provided for growing demand and prices followed the overall global commodities upswing before collapsing following the 2008 GFC.

In the past three years, tightening of environmental regulation in China has again seen a number of temporary and permanent mine closures, leading to a reduction in global stockpiles. The gradual impact of the closures was reflected in recent vanadium pentoxide prices, which increased throughout 2017, averaging US$7.16 per pound compared to US$3.38 per pound in 2016.

The growing interest in vanadium for use in battery storage has also contributed to sustained growth in 2018 and, combined with new policies prescribing a higher percentage of vanadium in steel rebar in China, saw prices peak at a decade long high. Following the announcement of the new policies in January 2018, vanadium prices surged to a decade long high, before reaching a near new record high in October 2018, and prior to the policy's introduction in November 2018. Vanadium prices dropped in December 2018 and has continued since, as markets reacted to weaker than expected demand from Chinese steel makers.

In the near future, steel production will continue to dominate demand for vanadium, which is forecast to increase driven largely by increased demand from China. The shift toward green technology and resulting interest vanadium redox batteries for renewable energy storage or in electric vehicles however, is expected to have considerable impact on the vanadium market going forward. For example, the battery mineral mining industry in Australia as a whole, is forecast to continue growing at 18.4% per annum through to 2024 to be worth $3.8 billion, with minerals such as vanadium, high-purity alumina and graphene playing an increasingly prevalent role.

Source: USGS 2019, Bloomberg, IBIS World

9. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('**FME**');
- Discounted cash flow ('**DCF**');
- Quoted market price basis ('**QMP**');
- Net asset value ('**NAV**'); and
- Market based assessment.

A summary of each of these methodologies is outlined in Appendix 2.

9.1 Valuation of New Energy's interest in Balama

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information. In our assessment of the value of Balama shares we have assessed the value of Balama as an entity and then determined the value of the Company's 50% interest. We have chosen to employ the following methodology:

- NAV on a going concern basis as our primary valuation methodology;
- we have not employed a secondary valuation methodology

We have chosen NAV as our solitary valuation methodology for the following reasons:

- the Caula Project and residual mineral assets held in Balama do not currently generate any income nor are there any historical profits that could be used to represent future earnings. Therefore, the FME approach is not appropriate;
- Balama currently has no foreseeable future net cash inflows, so the application of the DCF valuation approach is not appropriate;
- the QMP methodology is relevant when a company's shares are listed on an exchange, such as the ASX. When a company's shares are listed, there is a regulated and observable market where a company's shares are traded. Given that Balama is not listed on an exchange, the QMP methodology is not appropriate; and
- consequently, we have adopted the NAV approach as our primary valuation methodology. Balama's mineral assets are currently not producing assets and no revenue or cash flows are currently generated by these assets. Therefore, we consider that the NAV approach is best suited for the valuation.

Independent specialist valuation

In valuing the Caula Project and residual mineral assets held in Balama as part of our NAV valuation, we have relied on the independent specialist valuation performed by Mining Insights Pty Ltd ('**Mining Insights**') in accordance with the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets 2015 ('**the Valmin Code**') and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 ('**the JORC Code**'). We are satisfied with the valuation methodologies adopted by Mining Insights which we believe are in accordance with industry practice and compliant with the requirements of the Valmin Code. A copy of Mining Insights' Independent Valuation Report is attached in Appendix 3.

10. Valuation of New Energy’s interest in Balama

10.1 Net Asset Valuation of New Energy’s interest in Balama

The value of New Energy’s interest in Balama on a going concern basis is reflected in our valuation below, which is based on Balama’s net asset position as at 31 December 2019.

Statement of Financial Position	Notes	Reviewed 31-Dec-19 $	Low valuation $	Preferred valuation $	High valuation $
CURRENT ASSETS					
Cash and cash equivalents		2,838	2,838	2,838	2,838
Available for sale assets	a)	3,592,607	2,918,000	4,951,000	6,984,000
Trade and other receivables		3,325	3,325	3,325	3,325
TOTAL CURRENT ASSETS		**3,598,770**	**2,924,163**	**4,957,163**	**6,990,163**
NON-CURRENT ASSETS					
Intercompany Loans	b)	1,183,019	-	-	-
TOTAL NON-CURRENT ASSETS		**1,183,019**	**-**	**-**	**-**
TOTAL ASSETS		**4,781,789**	**2,924,163**	**4,957,163**	**6,990,163**
CURRENT LIABILITIES					
Trade and other payables		66,646	66,646	66,646	66,646
TOTAL CURRENT LIABILITIES		**66,646**	**66,646**	**66,646**	**66,646**
TOTAL LIABILITIES		**66,646**	**66,646**	**66,646**	**66,646**
NET ASSETS		**4,715,143**	**2,857,517**	**4,890,517**	**6,923,517**
New Energy's shareholding in Balama			50%	50%	50%
New Energy's interest in Balama			**1,428,759**	**2,445,259**	**3,461,759**

Source: Reviewed accounts of Balama for the period ended 31 December 2019, BDO analysis

The table above indicates the net asset value of New Energy’s 50% interest in Balama is between $1.44 million and $3.47 million with a preferred value of $2.45 million.

We have been advised that there has not been a significant change in the net assets of Balama since 31 December 2019.

The following pro forma adjustments were made to the net assets of Balama as at 31 December 2019 in arriving at our valuation.

a) Exploration expenditure

We instructed Mining Insights to provide an independent market valuation of the exploration assets held in Balama. Mining Insights has chosen to value Balama’s mineral assets on the basis of comparable transactions as the primary method and to use the geoscientific rating method as a cross check. In applying the comparable transaction method, Mining Insights considered recent market transactions involving the sale and purchase of tenements with graphite mineralisation and delineated Mineral Resource which they consider most comparable to Balama’s mineral assets. The geoscientific rating method involves assessing the base acquisition cost of the tenement and applying multiples to quantify the relevant technical aspects of the project. Further information on these methodologies is set out in Section 8 of the attached Independent Mineral Asset Valuation Report (Appendix 3).

We consider these methods to be appropriate, given the early stage of development of Balama’s mineral assets.

The range of values for each of Balama’s exploration assets as calculated by Mining Insights is set out below:

Mineral Asset	Equity	Low valution $	Preferred valuation $	High valuation $
Caula (9407C)	80%	2,614,000	4,442,000	6,269,000
5873L	60%	129,000	248,000	366,000
6363L	100%	65,000	97,000	130,000
7560L	100%	110,000	164,000	219,000
Total (Balama's share)		**2,918,000**	**4,951,000**	**6,984,000**

Source: Mineral Insights Independent Valuation Report

The table above indicates a range of values between $2.92 million and $6.98 million, with a preferred value of $4.95 million for Balama's mineral assets. The valuation range is considered appropriate for projects at this stage of development, reflecting the uncertainty of the eventual extraction of the mineral resource.

b) Intercompany Loans

Balama shall be free of intercompany payables following completion of the Proposed Transaction under the SSPA. Therefore, we have adjusted the intercompany loans balance to $nil.

11. Valuation of Consideration

As set out in the SSPA, consideration paid to New Energy for the Company's 50% interest in Balama by Auspicious will be $3.50 million.

12. Is the Proposed Transaction fair?

The value of New Energy's 50% interest in Balama is compared to the total Consideration received under the Proposed Transaction below:

	Ref	Low $	Preferred $	High $
Value of New Energy's 50% interest in Balama	10	1,428,759	2,445,259	3,461,759
Value of Consideration	11	3,500,000	3,500,000	3,500,000

We note from the table above that the value of the Consideration is within the assessed value of New Energy's 50% interest in Balama. Therefore, we consider that the Proposed Transaction is fair.

13. Is the Proposed Transaction reasonable?

13.1 Advantages of Approving the Proposed Transaction

We have considered the following advantages when assessing whether the Proposed Transaction is reasonable.

13.1.1 The Proposed Transaction is fair

As set out in Section 12, the Proposed Transaction is fair. RG 111.12 states that an offer is reasonable if it's fair.

13.1.2 The Proposed Transaction provides an opportunity to realise value from the Caula Project

The Proposed Transaction provides New Energy with the opportunity to realise some value from exploration works completed and positive results discovered at the Caula Project throughout 2018. The New Energy share price has not positively responded following announcement of positive results at the project. The cash offer from Auspicious provides the Company with a tangible crystallisation of value that may not otherwise be realisable in light of the Company's current financial position and share price.

13.1.3 The Proposed Transaction provides cash reserves required by the Company

Consideration from the Proposed Transaction will provide New Energy with cash reserves required to fund its ongoing expenses including addressing the Writ of Summons received from Arena as detailed in Section 5.3, and funding the selective capital buy-back of shares held by Regius as announced to the market on 19 February 2020, and set out in Section 5.3. Furthermore the Company will require the funds to remain operational whilst it explores other opportunities and searches for other projects for development.

13.2 Disadvantages of Approving the Proposed Transaction

If the Proposed Transaction is approved, in our opinion, the potential disadvantages to Shareholders are set out below:

13.2.1 Shareholders' investment profile will change as a result of the Proposed Transaction

Following the divestment of the Caula Project under the Proposed Transaction, New Energy will no longer be exposed to vanadium and graphite exploration and mining. As a result, Shareholders' investment profile on their investment in New Energy shares will change. The Company will be changing the scale of its activities by a significant extent, which may not be aligned with the investment objectives of Shareholders.

13.2.2 Risk of not acquiring other suitable investment opportunities

The Company may be unable to locate and acquire other suitable investment opportunities after the disposal of its main undertaking.

13.2.3 ASX Listing

New Energy will no longer have mining operations following approval of the Proposed Transaction. The Company will be required to identify a new project or opportunity within a period of six months from the date the Proposed Transaction is approved, otherwise it will be at risk of being suspended from trading on the ASX and is likely to be required to re-comply with Chapters 1 and 2 of the ASX Listing Rules prior to the re-instatement of its shares.

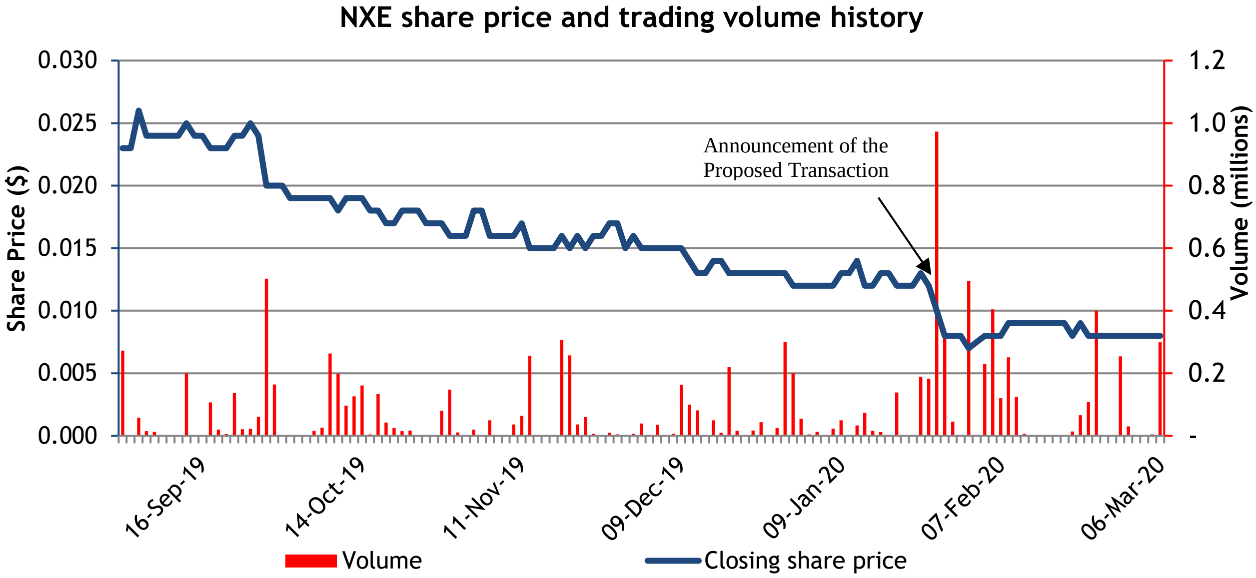
14. Additional Considerations

14.1 Alternative Proposals

We are unaware of any alternative proposal that might offer the Shareholders of New Energy a premium over the value resulting from the Proposed Transaction.

14.2 Potential movement in share price

We have analysed the movements in the New Energy share price over the period from when the Proposed Transaction was announced on 28 January 2020. A graph showing the movements in the share price prior to and leading up to the announcement of the Proposed Transaction is displayed below:



Source: Bloomberg, BDO analysis

The daily closing price of New Energy's shares from the period 2 September 2019 to 6 March 2020 ranged from a low of $0.007 on 3 February 2020 to a high of $0.026 on 4 September 2019. On the date of the announcement the share price closed lower than the previous trading day at $0.010, with the largest volume of shares traded over the assessed period of 0.97 million. On 29 January 2020, the first full day of trading following the announcement, the share price closed down from the previous day, at $0.008 with a traded volume of $0.33 million shares. The share price of New Energy has continued to trend lower than the period prior to the announcement of the Proposed Transaction.

The table below details the volume weighted average price (**'VWAP'**) of New Energy shares for the 10-day period subsequent to the announcement of the Proposed Transaction on 28 January 2020.

Share Price per unit	28-Jan-20	10 days prior to announcement	10 days post announcement
Closing price	$0.010		
VWAP		$0.012	$0.008

Source: Bloomberg

Following the announcement of the Proposed Transaction, New Energy's share price has decreased from a VWAP of $0.012 over the 10 days prior to the announcement to $0.008 over the 10 days subsequent to the announcement. Given the above analysis, if the Proposed Transaction is approved then New Energy's share price may remain below pre-announcement levels.

14.3 Repayment of Loan and Additional Loan

In the event that the Proposed Transaction is not approved, or if the conditions precedent as set out in the SSPA are not satisfied on or before the conditions precedent date, then the Loan and the Additional Loan, together with accumulated interest thereon, will become payable within 30 days of the Conditions Precedent end date. Both the Loan and the Additional Loan are secured by 100% of the Company's shares in Balama. The Company does not currently have sufficient cash reserves to repay these loans so would need to source funding from alternative sources to meet these obligations.

14.4 Ability to continue as a going concern

New Energy received an ASX 5B Query Letter on 11 February 2020 in relation to the Company's ability to continue to operate on a going concern basis and New Energy issued a response on 14 February 2020. New Energy has negative operating cash flows, generally related to the settlement of the Balama and Fura transactions, legal actions against Regius and general administrative expenses. Under the SSPA, cash will be generated following settlement of the Balama and Fura transactions enabling the Company to continue its operations. If the Proposed Transaction is not approved, there is a risk that the Company will be unable to continue as a going concern.

14.5 Selective capital reduction

The Company announced settlement of disputes with Regius on 19 February 2020. As part of the settlement agreement, upon completion of the Proposed Transaction and the Fura Transaction, the Company will be required to pay a further amount of up to $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 Shareholders in accordance with section 257D of the Corporations Act.

14.6 Break fee

In the event that the Proposed Transaction is not approved, the Company will be obliged to make a payment of $150,000 to Auspicious as a break fee.

15. Conclusion

We have considered the terms of the Proposed Transaction as outlined in the body of this report and have concluded that the Proposed Transaction is fair and reasonable to the Shareholders of New Energy.

16. Sources of information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement on or about the date of this report;
- Audited financial statements of New Energy for the years ended 30 June 2017, 30 June 2018 and 30 June 2019;
- Reviewed accounts of Balama for the period ended 31 December 2019;
- Independent Valuation Report of Balama's mineral assets dated 15 February 2020 performed by Mining Insights;
- Deed of Variation – SSPA dated 25 September 2019;
- Deed of Variation – SSPA dated 24 January 2020;
- Share registry information;

- Reserve Bank of Australia;
- Bloomberg;
- World Bank;
- African Development Bank;
- International Monetary Fund;
- Australian Government Department of Foreign Affairs and Trade Smart Traveller;
- UK Government foreign travel advice;
- U.S. Geological Survey;
- IBIS World;
- Information in the public domain; and
- Discussions with Directors and Management of New Energy.

17. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of $15,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by New Energy in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by the New Energy, including the non-provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to New Energy and Auspicious and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of New Energy and Auspicious and their respective associates.

A draft of this report was provided to New Energy and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

BDO is the brand name for the BDO International network and for each of the BDO Member firms.

BDO (Australia) Ltd, an Australian company limited by guarantee, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of Independent Member Firms. BDO in Australia, is a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International).

18. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investments Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Fellow of Chartered Accountants Australia & New Zealand. He has over 30 years' experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 300 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Corporate Finance Practice Group Leader of BDO in Western Australia, the Global Head of Natural Resources for BDO and a former Chairman of BDO in Western Australia.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans over 20 years in the Audit and Assurance and Corporate Finance areas. Adam is a CA BV Specialist and has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

19. Disclaimers and consents

This report has been prepared at the request of New Energy for inclusion in the Notice of Meeting which will be sent to all New Energy Shareholders. New Energy engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider whether or not the varied terms of the binding SSPA for the sale by New Energy of its 50% interest in Balama to Auspicious is fair and reasonable to the non-associated shareholders of New Energy.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Notice of Meeting. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Notice of Meeting other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to New Energy. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Transaction, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of New Energy, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent valuations for mineral assets held by Balama.

The valuer engaged for the mineral asset valuation, Mining Insights Pty Ltd possess the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation is appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd is required to provide a supplementary report if we become aware of a significant change affecting the information in this report arising between the date of this report and prior to the date of the meeting or during the offer period.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD

Sherif Andrawes

Director

Adam Myers

Director

Appendix 1 – Glossary of Terms

Reference	Definition
The Act	The Corporations Act 2001 Cth
AFCA	Australian Financial Complaints Authority
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
Arena	Arena Investors LP
Arena Dispute	The notice of statutory demand served to New Energy Minerals Limited by Arena Investors LP in relation to debts allegedly owed by New Energy under the convertible note facility with Arena Investors LP
Arena Facility	The convertible note facility made available to New Energy Minerals Limited by Arena Investors LP
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
Auspicious	Auspicious Investment Holding Limited
Balama	Balama Resources Pty Ltd
BDO	BDO Corporate Finance (WA) Pty Ltd
Caula Project	The Caula graphite and vanadium project owned by Balama Resources Pty Ltd
The Company	New Energy Minerals Limited
Corporations Act	The Corporations Act 2001 Cth
DCF	Discounted Future Cash Flows
DFS	Definitive feasibility study
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FME	Future Maintainable Earnings
FOS	Financial Ombudsman Service

Reference	Definition
FSG	Financial Services Guide
Fura	Fura Gems Inc
Fura Transaction	The agreement for the sale of New Energy Minerals Limited's ruby assets to Fura Gems Inc
GDP	Gross Domestic Product
IMF	International Monetary Fund
JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition)
JV	Joint venture
Km	Kilometres
Km^2	Square kilometres
Mining Insights	Mining Insights Pty Ltd
Montepuez Assets	Ruby assets owned by New Energy
MTSA	Management and Technical Services Agreement
NAV	Net Asset Value
New Energy	New Energy Minerals Limited
Original Balama Transaction	On 8 February 2019, New Energy announced that it had entered into a SSPA with Auspicious to sell its 50% interest in Balama for consideration of $7.00 million
PFS	Pre-feasibility study
QMP	Quoted market price
RBA	Reserve Bank of Australia
Regulations	Corporations Act Regulations 2001 (Cth)
Our Report	This Independent Expert's Report prepared by BDO
RG 111	Content of expert reports (March 2011)
RG 112	Independence of experts (March 2011)
Section 411	Section 411 of the Corporations Act

Reference	Definition
Section 611	Section 611 of the Corporations Act
Shareholders	Shareholders of New Energy Minerals Limited not associated with the Transaction
SSPA	The Share Sale Purchase Agreement between New Energy Minerals Limited and Auspicious Investment Holding Limited for the sale of New Energy's 50% interest in Balama Resources Pty Ltd
Sum-of-Parts	A combination of different methodologies used together to determine an overall value where separate assets and liabilities are valued using different methodologies
The Transaction	The proposal dispose of New Energy's 50% interest in Balama to Auspicious under some varied terms of the binding SSPA
UBezTT	UBezTT International Investment Holding (BVI) Ltd
USGS	United States Geological Survey
Valmin Code	Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015 Edition)
Valuation Engagement	An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.
VRB	Vanadium redox flow batteries
VWAP	Volume Weighted Average Price
WACC	Weighted Average Cost of Capital

The Directors

BDO Corporate Finance (WA) Pty Ltd

38 Station Street SUBIACO, WA 6008

Australia

Appendix 2 – Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 *Net asset value ('NAV')*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 *Quoted Market Price Basis ('QMP')*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a liquid and active market in that security.

3 *Capitalisation of future maintainable earnings ('FME')*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax (‘**EBIT**’) or earnings before interest, tax, depreciation and amortisation (‘**EBITDA**’). The capitalisation rate or ‘earnings multiple’ is adjusted to reflect which base is being used for FME.

4 *Discounted future cash flows (‘DCF’)*

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

5 *Market Based Assessment*

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

Independent Mineral Asset Valuation Report – New Energy Minerals Ltd.

Report Prepared for

BDO Corporate Finance (WA) Pty Ltd.

Report Prepared by

Mining Insights

March 2020

BDO Corporate Finance (WA) Pty Limited

Independent Mineral Asset Valuation Report – New Energy Minerals Ltd.

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16 March 2020

Project Number P2008

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Key Abbreviations

$ or AUD	Australian Dollar
New Energy	New Energy Minerals Ltd
AS	Australian Standards
AusIMM	Australasian Institute of Mining and Metallurgy
ha	Hectare(s)
JORC	2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists, and Mineral Council of Australia
K	Thousand
Kg	Kilogram
Km	Kilometres(s)
Km^2	Square kilometre(s)
Kt	kilotonne (one thousand tonnes)
M	Million
m	Meter
m^3	cubic metre
Mt	Millions of tonnes
Mineral Resource	A 'Mineral Resource' is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, quality, and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, quality, continuity, and other geological characteristics of a Mineral Resource are known, estimated, or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated, and Measured categories**.**
Mtpa	Millions of tonnes per annum
Ore Reserve	An 'Ore Reserve' is the economically mineable part of a Measured and/or Indicated Coal Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include the application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. The reference point at which Reserves are defined, usually, the point where Ore is delivered to the processing plant must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported.
Mining Insights	Mining Insights Pty Ltd.
t	Tonne
tpa	Tonnes per annum

Executive Summary

On 27th January 2020, New Energy Minerals Limited (New Energy or Company) entered into a Variation Deed in relation to the Share Sale and Purchase Agreement dated 8 February 2019 for:

- The proposed sale of New Energy's 50% holding in Balama Resources Pty Ltd ("Balama"), a subsidiary company of New Energy for cash consideration of $3.5 Million (from $7.0m).

Mining Insights Pty Ltd. (Mining Insights) was instructed by BDO Corporate Finance (WA) Pty Limited (BDO) to prepare an Independent Mineral Asset Valuation Report (IVR or Report) which BDO will use as part of their Independent Expert Report (IER).

Mining Insights prepared a previous report under the instruction of BDO which was dated 12 March 2019. This report was also attached to the Independent Expert Report prepared by BDO and dated 9 April 2019.

Tenements

New Energy has 50% holding in Balama. Mineral assets held in Balama include:

- 80% holding in Caula Project (Mining Concession 9407C);
- 60% holding in Tenement 5873L;
- 100% holding in Tenement 6363L; and
- 100% holding in Tenement 7560L.

The Balama's tenements are located approximately 230 km west of the port city and provincial capital Pemba, and 35 km north of the town of Montepuez in northeastern Mozambique. The Caula project (Mining Concession 9407C) is the most advanced project with a defined Mineral Resource and approved Mining License.

Geology

Balama's tenements are situated in the Mozambique Belt of the East African Orogen. The vanadium-graphite mineralisation is hosted in quartzitic schists of the Xixano complex, with the most common lithologies including Graphitic Schists, Gneisses and thin Pegmatoidal zones.

The mineralised zone is contained within a reclined isoclinal fold structure, which dips at roughly 60 degrees to the west at the Caula deposit.

Exploration

A helicopter-borne time-domain electromagnetic survey was completed in 2015, covering 5873L and the Caula Project. The survey yielded well-defined EM anomalies. These anomalies were prioritised and a drilling program was initiated to test the geophysical targets.

A total of 17 drillholes were drilled during the 2015-2017 period including 99 m of reverse circulation (RC) drilling (1 drillhole) and 1,877 m of cored diamond (DD) drilling (16 drillholes)

Subsequently, a drilling program was completed in late 2018 which comprises of 18 holes (for 3,025m) DD and 16 holes (for 1,025m) RC drillholes at the Caula deposit. No further exploration work has been undertaken since late 2018 apart from metallurgical test work.

Caula Project - Mineral Resource

The Mineral Resource estimation work was carried out by Mr Johan Erasmus of Sumsare Consulting located in Witbank, South Africa. A maiden Inferred Mineral Resource was reported in November 2017 based on the drilling during 2015 and 2016.

Subsequently, further drilling was completed during 2017 and assayed for both TGC and Vanadium. Samples from the previous drilling program were also assayed for Vanadium and Resource Estimates were updated in July 2018. The table below summarises the TGC and Vanadium Mineral Resources that are contained within the Caula Project.

Caula Project - Mineral Resources as a Graphite Project

Resource Block	Cut-off % TGC	Measured Resource		Total Resource		
		Tonnes Mt	Grade % TGC	Tonnes Mt	Grade %TGC	Contained Graphite Carbon (Mt)
Oxidised Zone	8	8.5	13.4	8.5	13.4	1.13
Fresh Zone	8	13.4	13.5	13.4	13.5	1.80
Total Project	**8**	**21.9**	**13.4**	**21.9**	**13.4**	**2.93**

Caula Project - Mineral Resources as a Vanadium Project

Resource Block	Cut-off % V_2O_5	Measured Resource		Total Resource		
		Tonnes Mt	Grade % V_2O_5	Tonnes Mt	Grade % V_2O_5	Contained V_2O_5(kt)
Oxidised Zone	0.2	8.9	0.31	8.9	0.31	27.4
Fresh Zone	0.2	13.1	0.41	13.1	0.41	54.2
Total Project	**0.2**	**22.0**	**0.37**	**22.0**	**0.37**	**81.6**

At the time of reporting of the resource estimate, there was insufficient work completed to confirm that both the TGC and Vanadium Mineral Resource can be recovered from the same ore material (i.e. host rock). As a result, the TGC and Vanadium Mineral Resource stand on their own (as reported by the Competent Person for Mineral Resource).

Work to prove the recovery of an economic vanadium product is still at an early stage.

Caula Project - Metallurgical Test Work

New Energy completed preliminary metallurgical testing at Independent Metallurgical Operations Pty Ltd (IMO). Results were reviewed by Dr Evan Kirby, a metallurgical consultant and Non-Executive Director of the company. Metallurgical results are summarised as follows:

- Conductivity-based (EM) sorting prior to processing can marginally increase process plant feed grade but at a significant loss of TGC and Vanadium yields;
- Best TGC recoveries achieved was 87% on oxide sample and 96% on fresh samples;
- Concentrate grade of 97% TGC was achieved with the proportion of large graphite flakes (>180µm) of up to 67.9% in a fresh sample, 68.1% on Transitional sample and 46.2% in Oxide sample; and,
- Wet High-Intensity Magnetic Separation (WHIMS) was able to upgrade a 0.48% V_2O_5 feed material to 1.42% V_2O_5 at a recovery of 90.8% from a sample extracted from fresh zone drill core from which graphite was removed prior to testing.

During 2019, two composite samples of graphite concentrate, one from the Oxide Zone and one from the Fresh Zone, were submitted to NGS Trading and Consulting GmbH ("**NGS**") for purification tests. Metallurgical test work indicates Caula graphite to be suitable for the production of expandable graphite, spherical graphite.

Caula Project – Techno-Economic Study

New Energy released the results of the scoping study in 2018 which was compiled by Bara Consultants in conjunction with New Energy staff. The study assessed that the project is economical viable based on the set of parameters used in that techno-economic study.

Mineral Asset Valuation

Mining Insights has used market based "Market Comparable" and cost-based "Geoscientific Rating Method" approaches to derive the Mineral Asset Valuation for the New Energy's tenements.

Mining Insights has considered the current market, locality, and technical and strategic factors. These technical and strategic factors have been assessed by Mining Insights and they have been concluded to have an impact on the development of the Project. Based on Market Comparable and Geoscientific Rating method, the valuation for New Energy's interest in Balama's portfolio of tenements has been determined to be in the range of $1,459,000 to $3,492,000 with a preferred value of $2,476,000.

Valuation – Balama Projects (New Energy's Equity Basis)

Project	Equity	Valuation ($'000)		
		Lower	Preferred	Higher
Caula (9407C)	80%	2,614	4,442	6,269
5873L	60%	129	248	366
6363L	100%	65	97	130
7560L	100%	110	164	219
Total (Balama's Share)		**2,919**	**4,951**	**6,984**
New Energy's Share (50% of Balama)		**1,459**	**2,476**	**3,492**

This valuation range is considered appropriate for the projects at this stage of development, reflecting the uncertainty of the eventual extraction of a mineral resource.

1 Introduction

On 27th January 2020, New Energy Minerals Limited (New Energy or Company) entered into a Variation Deed in relation to the Share Sale and Purchase Agreement dated 8 February 2019 for:

- The proposed sale of New Energy's 50% holding in Balama Resources Pty Ltd ("Balama"), a subsidiary company of New Energy for cash consideration of $3.5 Million (from $7.0m).

Mining Insights Pty Ltd. (Mining Insights) was instructed by BDO Corporate Finance (WA) Pty Limited (BDO) to prepare an Independent Mineral Asset Valuation Report (IVR or Report) which BDO will use as part of their Independent Expert Report (IER).

Mining Insights prepared a previous report under the instruction of BDO which was dated 12 March 2019. This report was also attached to the Independent Expert Report prepared by BDO and dated 9 April 2019.

This report is complete up to and including 16 March 2020. A draft of the technical component of the report was provided to New Energy, along with a written request to identify any material errors or omissions prior to lodgement.

1.1 Compliance with JORC and VALMIN Code

This report has been prepared in accordance with the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets, 2015 Edition ("The VALMIN Code") and the Australasian Code for Reporting of Exploration Results, Mineral Resources, and Ore Reserves 2012 Edition ("The JORC Code").

Both codes are binding upon Members of the Australian Institute of Geoscientists (AIG), the Australasian Institute of Mining and Metallurgy (AusIMM), the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves and the rules and guidelines issued by such bodies as ASIC and Australian Securities Exchange (ASX), which pertain to Independent Experts' Reports.

The authors have taken due note of the rules and guidelines issued by bodies such as the Australian Securities and Investments Commission (ASIC) and the ASX, including ASIC Regulatory Guide 111 – Content of Expert Reports, and ASIC Regulatory Guide 112 – Independence of Experts.

1.2 Qualifications

The principal personnel responsible for the preparation and review of this report are Mr Manish Garg (Director), a Mineral Valuation Specialist and Mr Rob Wason (Senior Geologist).

Mr Manish Garg [BEng (Minerals Engineering), Masters of Applied Finance, MAusIMM] is a mineral asset valuation specialist with over 30 years' experience in mining operations, mining feasibility studies, consulting and corporate roles in lead, zinc, copper, nickel, gold, graphite and coal – project management, metallurgy, scoping study and valuation.

Mr Rob Wason [BSc (Geology), MSc (Geology), MAusIMM] is a geologist with over 10 years' experience in the mining industry as an exploration geologist and geological consultant. Rob's has worked in a variety of commodities, including gold, copper, base metals, REE, phosphate and coal – exploration and geology.

The information in this report that relates to the technical assessment and valuation of mineral assets reflects information compiled and conclusions derived by Mr Manish Garg and Mr Rob Wason who are both Members of the Australasian Institute of Mining and Metallurgy. Mr Garg and Mr Wason are consultants to Mining Insights and not related parties to New Energy.

Mr Garg and Mr Wason have sufficient experience relevant to the technical assessment and valuation of the mineral assets under consideration and to the activity which they are undertaking to qualify as Practitioners as defined in the 2015 edition of the Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets. Mr Garg and Mr Wason consent to the inclusion in the report of the matters based on the information in the form and context in which it appears.

1.3 Data Sources

Mining Insights has based its review of the projects on the information made available to the principal author by New Energy along with technical reports prepared by consultants, government agencies and previous tenements holders, and other relevant published and unpublished data. Mining Insights has relied upon discussions with New Energy' management as well as recent exploration reports for the information contained within this report.

Mining Insights has used its reasonable endeavours to verify the accuracy and completeness of the information provided to it by New Energy on which it has relied in compiling the report. We have no reasons to believe that any of the information or explanation so supplied are false or that material information has been withheld.

1.4 Site Visit

The mineral asset valuation specialist involved in this assignment have previously conducted a review of other graphite projects in the vicinity. Mining Insights' did not consider that a site visit was warranted as it was considered that a site visit would not reveal information or data material to the outcome of this report. The specialist is satisfied that there is sufficient current information available to allow an informed evaluation to be made without an inspection.

1.5 Tenement Status Verification

The legal firm, SAL & Caldeira Advogados, Lda (S&C) was engaged by the company to provide an independent assessment of the status of its tenements in Mozambique. Mining Insights has relied on S&C's report, dated 10 February 2020.

Mining Insights notes that it is not qualified to make legal representations in regards to the ownership and legal standing of the mineral tenements that are the subject of this valuation.

Mining Insights has relied on the accuracy and completeness of the tenure documentation supplied to it by S&C and New Energy. Mining Insights has made all reasonable enquiries and has cross-checked these licences against publicly available datasets and confirmed that the licences and areas match those areas in the public datasets.

1.6 Independence

Neither Mining Insights nor the author(s) of this report, have or have previously had, any material interest in New Energy or its projects/assets. Mining Insights prepared a previous mineral asset valuation report under the instruction of BDO which was dated 12 March 2019. This report was also attached to the Independent Expert Report prepared by BDO and dated 9 April 2019.

Mining Insights' relationship with BDO and New Energy is solely one of professional association between client, project owner and independent consultant.

1.7 Professional Fees

Mining Insights' estimated fee for completing this report is based on its normal professional daily rates plus reimbursement of incidental expenses. The fees are agreed based on the complexity of the assignment, Mining Insights' knowledge of the assets and the availability of data. The fee payable to Mining Insights for this engagement is estimated at approximately $8,000. The payment of this professional fee is not contingent upon the outcome of the report.

1.8 Consent

Mining Insights consents to this report being included, in full, in BDO's IER in the form and context in which the technical assessment is provided, and not for any other purpose.

Mining Insights provides this consent on the basis that the technical assessments expressed in the Summary and in the individual sections of this report are considered with, and not independently of, the information set out in the complete report.

1.9 Disclaimer

The opinions expressed in this report are appropriate as of 16 March 2020. The opinions expressed in this Report are based upon the information supplied to Mining Insights by New Energy. The opinions in this Report are provided in response to a specific request from BDO to do so.

Mining Insights has exercised all due care in reviewing the supplied information. Whilst Mining Insights has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant upon the accuracy and completeness of the supplied data. Mining Insights does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them. Opinions presented in this report apply to the site conditions and features as they existed at the time of the investigations, and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of this report, about which Mining Insights had no prior knowledge nor had the opportunity to evaluate. New Energy was provided with a technical section of this report and requested to identify any material errors or omissions prior to its lodgement.

2 Graphite Industry & Markets

2.1 Graphite Industry

Graphite is an industrial mineral with unique physical properties which includes superior thermal/electrical conductivity. It generally occurs in one of three forms: Microcrystalline or amorphous, Crystalline lump or vein and Crystalline flake.

Microcrystalline or amorphous type graphite is made up of aggregates of fine graphite crystals, which give the material a soft, black, earthy appearance. This material is usually hosted by quartzites, phyllites, metagreywackes and conglomerates. Amorphous graphite is defined as being finer than 40µm in diameter, but some trade statistics define the upper limit at 70µm. Generally, the 40 – 70µm is the limit of resolution of the human eye. Deposits with grades of over 80% carbon are considered to be economically viable.

Crystalline lump or vein-type graphite is found as interlocking aggregates of coarse and/or microcrystalline platy, or less commonly, acicular graphite. The veins are hosted by igneous and metamorphic rocks, such as gneiss, schist, quartzite and marble.

Flake type graphite occurs as flat, plate-like crystals, with angular, rounded or irregular edges, with the crystals disseminated throughout originally carbonaceous metasediments. Flake graphite ranges in flake size from 1mm to 25mm, with an average size of 2.5mm. For commercial purposes, flake graphite is divided into:

- jumbo flake;
- large flake;
- medium flake;
- fine flake; and,
- powder.

Impurities include minerals that are commonly found in metasediments – usually quartz, feldspar, mica, amphibole, garnet and calcite, with occasional amphiboles, pyrrhotite, pyrite and magnetite.

Natural Flake Graphite occurs in host rocks such as quartz-mica schist, feldspathic or micaceous quartzite and gneiss. Flake graphite may also occur in metamorphosed carbonate rocks, though these occurrences are currently of little economic significance. Flake graphite deposits are usually strata bound, with individual beds or lenses ranging from 30cm to more than 30m thick and extending for lengths of two kilometres or more. Ore bodies are normally tabular, occasionally lenticular, and occur locally as irregular bodies in the hinge zones of folds. Most economic deposits of flake graphite are of Archean to late Proterozoic age. These rocks may contain up to 90% graphite, although 10-15% graphite is a more typical grade for an orebody.

2.2 Graphite Economics: Characteristics and Processing

Flake graphite occurs in host rocks such as quartz-mica schist, feldspathic or micaceous quartzite and gneiss. Flake graphite may also occur in metamorphosed carbonate rocks, though these occurrences are currently of little economic significance. Flake graphite deposits are usually strata bound, with individual beds or lenses ranging from 30cm to more than 30m thick, and extending for lengths of two kilometres or more. Ore bodies are normally tabular, occasionally lenticular, and occur locally as irregular bodies in the hinge zones of folds. Most economic deposits of flake graphite are of Archean to late Proterozoic age. These rocks may contain up to 90% graphite, although 10-15% graphite is a more typical grade for a mineral deposit.

Favourable mineralogy is critical for easy liberation of graphite. Mineralogical characterisation of graphite-bearing rocks should primarily aim to determine the graphitic carbon content and graphite flake size, as these two properties largely determine the economic value of the graphite.

Table 2:1 Typical Graphite Classification

Graphite Size	Size (microns)
Jumbo Flake	>300
Large Flake	300 – 180
Medium Flake	180 - 150
Fine Flake	150 - 105
Powder	<105

Source: Syrah Resources Website

Flakes in the size range 250µm-1mm command the highest prices, with medium graphite flakes (down to 150µm) also in some demand. An excess of graphitic fines will reduce the flake size and therefore the value of the final product. Further, fine graphite will coat other minerals, which may then act as graphite during froth flotation and be recovered with the graphite concentrate. This thereby reduces the grade of the product. Mica will often occur interlayered with graphite and may be difficult to remove during preparation. Fine material (such as clay and lateritic soil) may also coat the graphite.

Mined ore Natural graphite is then beneficiated into graphite concentrate containing typically 94% to 98% total graphitic carbon (TGC).

2.3 Graphite Usage

Graphite has many unique physical properties:

- Superior thermal/electrical conductivity
- Stable wide temperature range
- High melting point

- Excellent lubrication
- Malleable
- Resistant to chemical attack
- Fire retardant and thermally efficient building products

Natural Flake Graphite find uses in:

- Refractories
- Batteries (Lithium-Ion Batteries)
- Foundries
- Friction Products
- Lubricants

Traditional demand for graphite is largely tied to the steel industry where it is used as a liner for ladles and crucibles, as a component in bricks which line furnaces ("refractories"), and as an agent to increase the carbon content of the steel. In the automotive industry, it is used in brake linings, gaskets and clutch materials. Graphite also has a myriad of other emerging uses in batteries, thermal management in consumer electronics, lubricants, fire retardants, and reinforcements in plastics.

The global demand for commercial graphite is growing. This growth profile is being driven by the increasing number of applications for graphite in technology and industry. The material has applications in electronics, nuclear reactors, manufacturing, aircraft and automotive production and in developing energy markets. Notably, graphite is an essential component of the modern lithium-ion battery, making it a key material in smartphones, tablets, laptops and electric cars.

Graphite is also used to produce graphene. Graphene is an allotrope of carbon, essentially a one-atom-thick layer of graphite. Its weight and shape make graphene desirable for uses in computer chips, laptops, optics and lasers etc.

Graphite, if it possesses the special property of 'expandability,' can also be further processed to produce 'expanded' graphite. 'Expanded' graphite is used to produce flexible graphite sheets and foils for manufacturing gaskets, packaging and other sealing materials in critical applications. In particular, it is useful in high temperature and high-pressure environments and is also considered valuable in the battery market. 'Expanded' graphite is highly valuable and highly sought after.

Graphite is a highly valuable commodity and its unique physical and chemical properties make it difficult to substitute.

2.4 Graphite Reserves

Approximately 80% of the world's 300 million tonnes of known graphite reserves are located in the just three countries. Turkey, China and Brazil host substantial reserves of 30%, 24% and 24% respectively, while Mozambique and Tanzania hold 8% and 6% respectively as shown below.

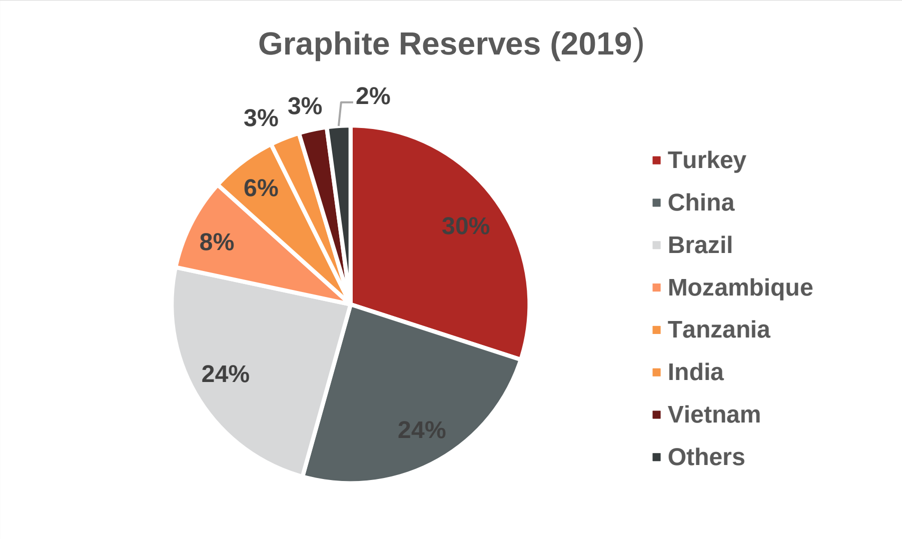

Figure 2:1 Graphite Reserves by Country
Source: United States Geological Survey 2020

2.5 Demand and Supply

China is the world's leading producer of natural graphite, responsible for approximately 64% of global production in 2019. Together with Mozambique, Brazil, Madagascar, Canada and India, these six countries accounted for approximately 93% of total global production, as shown in the graph below.

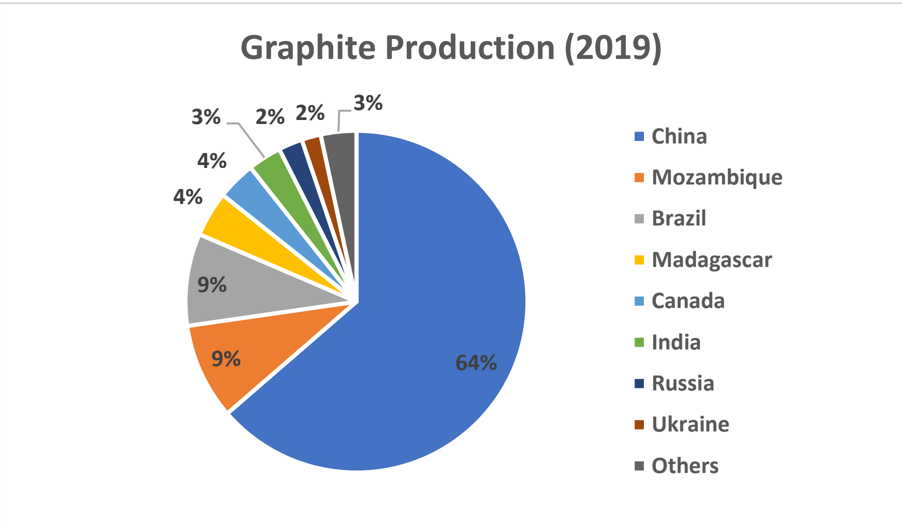

Figure 2:2 Graphite Production by Country
Source: United States Geological Survey 2020

3 Tenements

3.1 Location and Access

New Energy holds 4 granted exploration licenses in Mozambique. These tenements are located in northern Mozambique in the Cabo Delgado Province (Figure 3:1).

Figure 3:1 Location of Caula Project in Mozambique

Source: New Energy Website

The Caula Project (Tenement 9407C) is located approximately 230 km west of the port city and provincial capital Pemba and 35 km north of the town of Montepuez in northeastern Mozambique. Administratively, the closest village is Caula, within the Montepuez District of the Cabo Delgado Province.

The Caula Project can be accessed by road from Pemba, via Montepuez. Montepuez is located on the main tarred road, EN106, connecting Nampula to Pemba. The Caula Project is located approximately 35 km north of Montepuez and is easily accessed using the dirt road leading to Nairoto. All of the major rivers are crossed by sturdy, high-level, bridges. The Project Area is close to the south-western corner of the licence area. Export ports exist at Pemba and Nacala.

New Energy's other tenements are located in close proximity to the Caula Project (Figure 3:2).

3.2 Tenement Status

The tenements under review in this report are shown in Figure 3:2 and the current status of the tenements are summarised in Table 3:1. Mining Insights is not aware of any material history of these mineral assets.

Table 3:1 Tenement Schedule

Tenement No.	Holder	Grant Date	Expiry Date	Area (km^2)
9407C* (Caula Project)	Tchaumba Minerals	26/03/2019	26/03/2044	31.9
5873L	Cosec Consultoria	17/11/2014	17/11/2019**	132.8
6363L	Montepuez Mineral Resources	18/11/2015	18/11/2020	75.8
7560L	RQL Graphite Resources	21/06/2016	21/06/2021	127.9
Total Area			(Square km)	**368.4**

Exploration licence 6678L was converted to a mining concession 9407C in March 2019.
*** Company has applied for renewal of the Tenement 5873L which is pending (Extension Pending).*

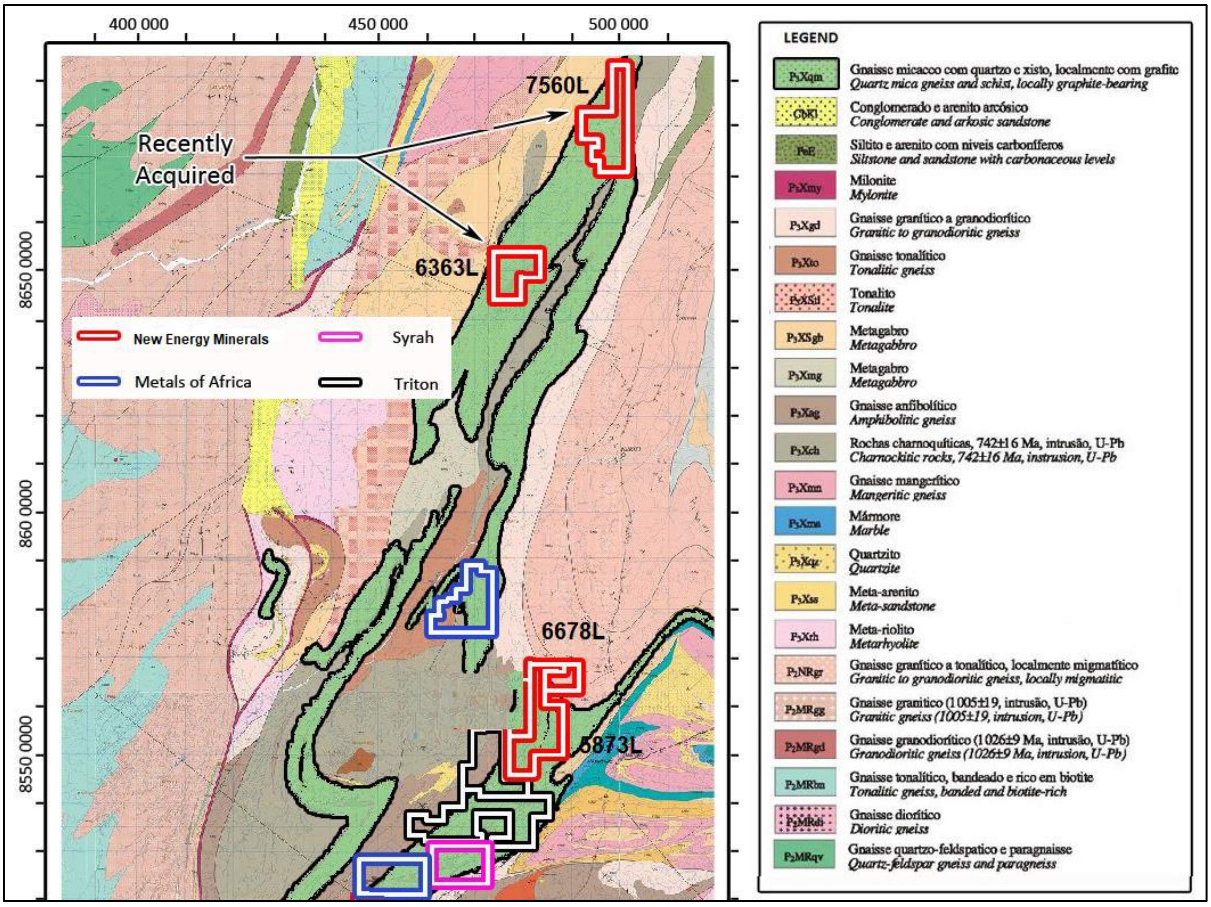

Figure 3:2 Tenements Location
Source: New Energy ASX Announcement, 8 March 2016

The legal firm, SAL & Caldeira Advogados, Lda (S&C) was engaged to provide an independent assessment of the status of its tenements in Mozambique. Mining Insights has relied on S&C's report, dated 10 February 2020. S&C has found that:

a. except for the Exploration License 5873, all licenses are valid and in force.

b. the term of the Exploration License 5873 expired and an application for its renewal was submitted and is pending approval. Based on the opinions stated in Legal Opinion, S&C did not identify any breach or late compliance of the related mining obligations that would risk the renewal of this Exploration License.

c. licenses can be renewed subject to the approval of the Minister of Mineral Resources and Energy.

4 Geological Settings

4.1 Regional Geology

New Energy tenements are situated in the Mozambique Belt of the East African Orogen and contain highly metamorphosed meta-sediments and meta-volcanic. The rocks of the East-African Orogen are dated 850 – 620 Ma, in which metamorphic facies vary from amphibolitic to granulitic.

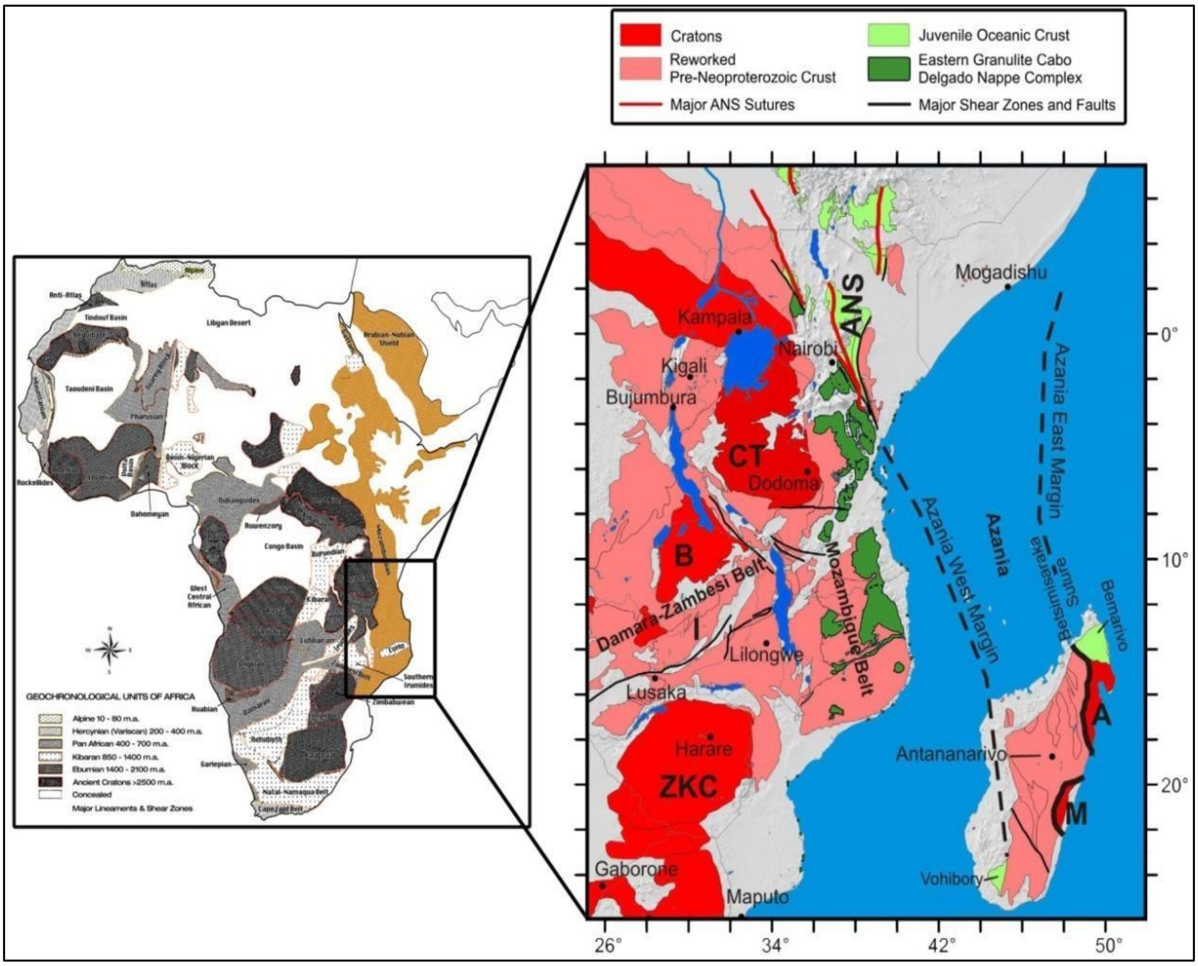

Figure 4:1 Regional Geology

Source: New Energy ASX Announcement, 8 March 2016

4.2 Local Geology

The vanadium-graphite mineralisation is hosted in quartzitic schists of the Xixano complex, with the most common lithologies including Graphitic Schists, Gneisses and thin Pegmatoidal zones. Although Sulphides are occasionally logged, they are usually absent. The surrounding country rock consists of Quarzitic and Micaceous Schists and Gneisses. Vanadium mineralisation is found within the Vanadium-Mica Roscoelite, potentially up to 17% V_2O_5 in the mica depending on lattice position substitution and valency states (When Vanadium substitutes for Aluminium in the Muscovite lattice it constitutes up to 17% of the molecule mass. With this Vanadium substitution the mineral is named Roscoelite).

The mineralised zone is contained within a reclined isoclinal fold structure, which dips at roughly 60 degrees to the west (Figure 4:2). Due to the region's tectonic history, these meta-sediments have been altered to the extent that no sedimentary structure remains.

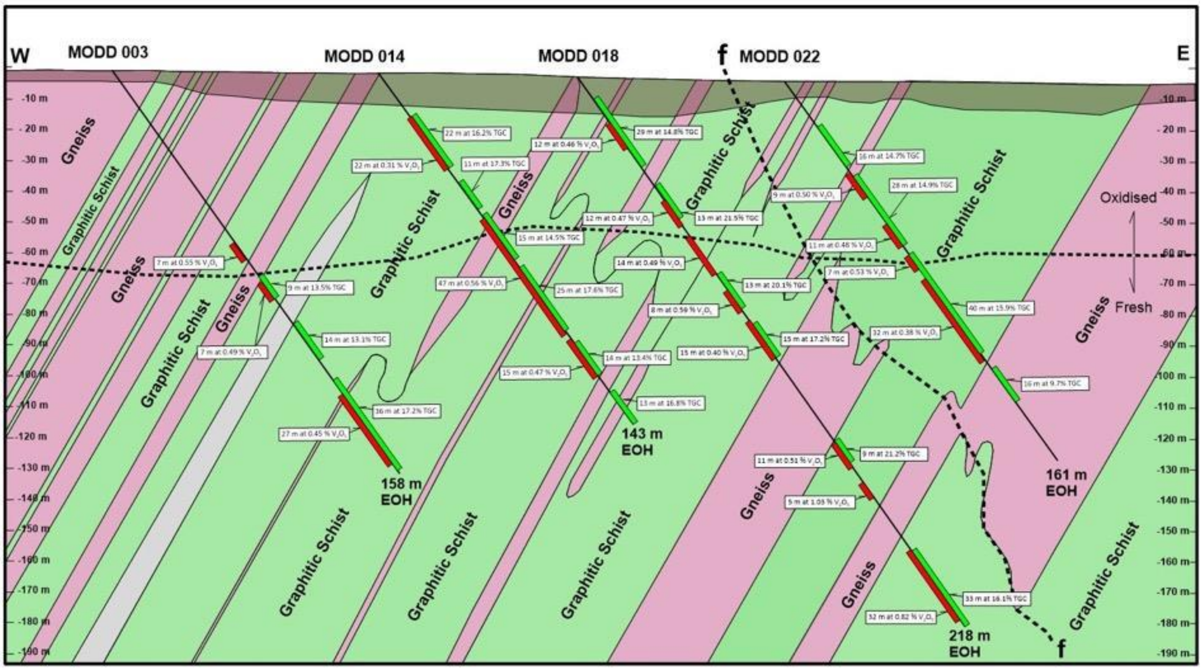

Figure 4:2 General Cross-section of the Caula Deposit
Source: New Energy ASX Announcement, 8 Aug 2018

5 Exploration History

5.1 Geophysics (5873L & Caula Project)

A helicopter-borne time-domain electromagnetic and magnetic survey was completed in 2015, covering 5873L and the Caula Project. The survey yielded a total of 105.65 line-km of geophysical data which was used to map out geological and structural domains, locating conductive anomalies in an otherwise resistive background.

The survey yielded well-defined EM anomalies. These anomalies were prioritised and a drilling program was initiated during 2015 to test the geophysical targets.

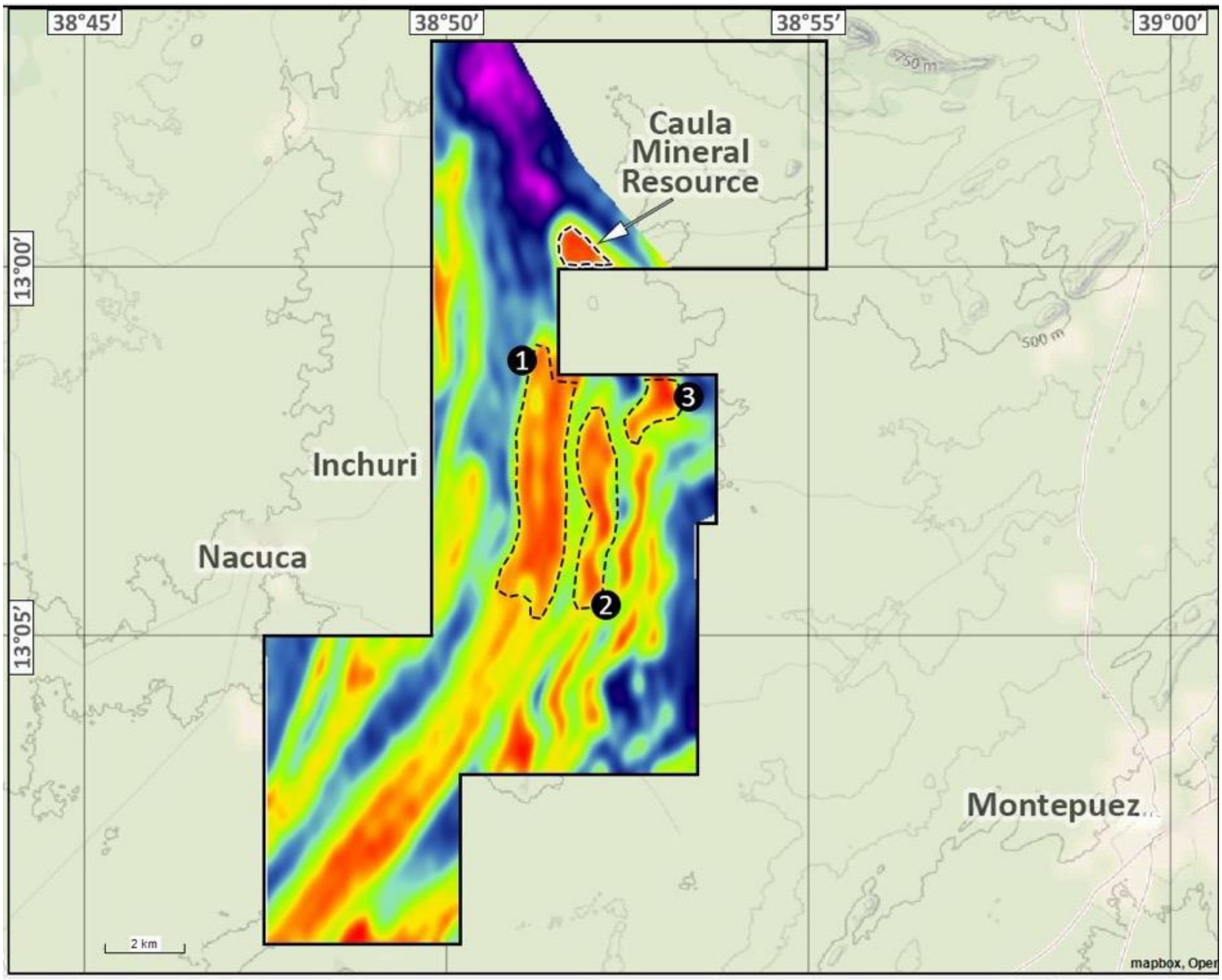

Figure 5:1 Image of Electromagnetic Signature – 5873L & Caula Project

Source: New Energy Announcement, 8 August 2018

5.2 Drilling (Caula Project)

New Energy completed three drilling campaigns from 2015 to 2017 period at the Caula Project. A total of 17 drill holes including 1 reverse circulation (RC) and 16 cored diamond (DD) drilling were drilled for a total of 99m of RC and 1,877m of DD drilling.

Figure 5:2 Drilling RC (Left) and DD (Right) at Caula Deposit

Source: Graphite Resource Report, July 2018

Subsequently, an 18 holes (for 3,025m) DD and 16 holes (for 1,025m) RC drilling program was undertaken by New Energy in Q3 of 2018 to test for both up-dip and down-dip extensions to the Caula deposit. No further exploration work has been undertaken since late 2018 apart from metallurgical test work.

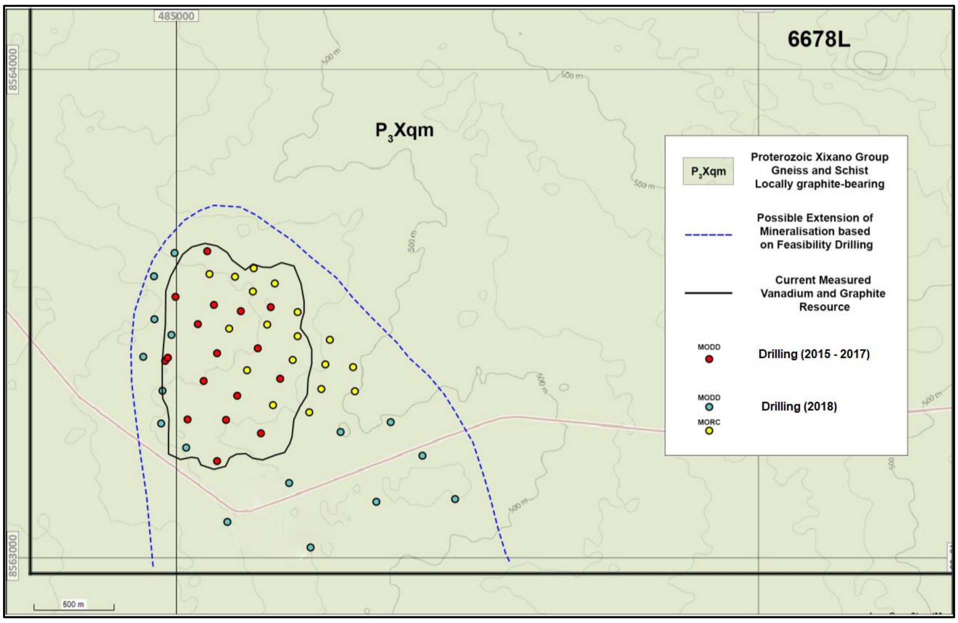

Figure 5:3 Location for 2018 Drilling Program

Source: New Energy Announcement, 6 September 2018

6 Caula Project

6.1 Resource Estimate

The Mineral Resource estimation work was carried out by Mr Johan Erasmus of Sumsare Consulting located in Witbank, South Africa. A maiden Inferred Mineral Resource of 5.4 Mt at 13.0% Total Graphitic Carbon (TGC) was reported in accordance to JORC 2012 in November 2017 based on the drilling during 2015 and 2016 (ASX announcement 6 November 2017).

Subsequently, further drilling was completed during 2017 and assayed for both TGC and Vanadium. Samples from previous drilling program were also assayed for Vanadium and Resource Estimates were updated and reported in accordance with JORC 2012 Code in July 2018. Table 6:1 and Table 6:2 summarises the TGC and Vanadium Mineral Resources that are contained within the Caula Project.

Table 6:1 Caula Project - Mineral Resources as a Graphite Project

Resource Block	Cut-off % TGC	Measured Resource		Total Resource		
		Tonnes Mt	Grade % TGC	Tonnes Mt	Grade %TGC	Contained Graphite Carbon (Mt)
Oxidised Zone	8	8.5	13.4	8.5	13.4	1.13
Fresh Zone	8	13.4	13.5	13.4	13.5	1.80
Total Project	**8**	**21.9**	**13.4**	**21.9**	**13.4**	**2.93**

Source: New Energy Announcement, 24 July 2018

Table 6:2 Caula Project - Mineral Resources as a Vanadium Project

Resource Block	Cut-off % V_2O_5	Measured Resource		Total Resource		
		Tonnes Mt	Grade % V_2O_5	Tonnes Mt	Grade % V_2O_5	Contained V_2O_5(kt)
Oxidised Zone	0.2	8.9	0.31	8.9	0.31	27.4
Fresh Zone	0.2	13.1	0.41	13.1	0.41	54.2
Total Project	**0.2**	**22.0**	**0.37**	**22.0**	**0.37**	**81.6**

Source: New Energy Announcement, 20 July 2018

At the time of reporting of the resource estimate, there was insufficient work completed to confirm that both the TGC and Vanadium Mineral Resource can be recovered from the same ore material (i.e. host rock). As a result, the TGC and Vanadium Mineral Resource stand on their own (as reported by the Competent Person for Mineral Resource). Work to prove the recovery of an economic vanadium product is still at an early stage.

Mining Insights has reviewed the Caula Resource Report at a high level. Whilst Mining Insights agrees with the broad principles and methods involved in the resource estimation, Mining Insights has not independently reviewed the Resource model in detail or verified the updated tonnes and grades. Mining Insights considers that the Caula Mineral Resources have been appropriately estimated and that good practice has been followed. The Mineral Resource estimate is considered reasonable.

6.2 Metallurgical Test Work

New Energy completed preliminary metallurgical testing at Independent Metallurgical Operations Pty Ltd (IMO) during 2017 and 2018. Results were reviewed by Dr Evan Kirby, who is a Metallurgical consultant and Non-Executive Director of the company. Metallurgical results are summarised as follows:

- Conductivity-based (EM) sorting prior to processing, can marginally increase process plant feed grade but at a significant loss of TGC and Vanadium yields;
- Best TGC recoveries achieved was 87% on oxide sample and 96% on fresh samples;
- Concentrate grade of 97% TGC was achieved with the proportion of large graphite flakes (>180µm) of up to 67.9% in a fresh sample, 68.1% on Transitional sample and 46.2% in Oxide sample;
- Wet High-Intensity Magnetic Separation (WHIMS) was able to upgrade a 0.48% V_2O_5 feed material to 1.42% V_2O_5 at a recovery of 90.8% from a sample extracted from fresh zone drill core from which graphite was removed prior to testing.

During 2019, two composite samples of graphite concentrate, one from the Oxide Zone and one from the Fresh Zone, were submitted to German Based NGS Trading and Consulting GmbH ("**NGS**") for purification tests. Metallurgical test work indicates Caula graphite to be suitable for the production of expandable graphite, spherical graphite. An average of 98.73% TGC purity was achieved from the Fresh Zone sample and 99.86% TGC purity was achieved from the Oxide Zone sample through a non-optimised, simple chemical up-grading process on all flake sizes including the minus 75µm fraction.

6.3 Techno-Economic Study

New Energy released the results of the scoping study in 2018 which was compiled by Bara Consultants in conjunction with New Energy staff (ASX Announcement 22 October 2018).

Mining Insights notes the following:

- Life of Mine Mining Inventory used in the scoping study of 30.8Mt (using 0% cut-off) is significantly higher than reported Mineral Resource of 22 Mt at 8% cut-off.
- Scoping study assumes that Graphite and Vanadium could be extracted sequentially from the same Ore (i.e., host rock) based on a single laboratory-scale WHIMS test.
- Process plant grade and recoveries are based on limited laboratory-scale testing. No locked cycle laboratory testing was completed.

Mining Insights considers that work to prove the recovery of an economic vanadium product is still at an early stage and further metallurgical test work is required to be completed prior to assessing the techno-economic viability of the project.

7 Project Risks

Mining Insights has identified a range of risk elements or risk factors which may affect the future operations and financial performance of the Caula Project. Some of the risk factors are completely external and beyond the control of management. However, project-specific risks can be mitigated by taking the proper measure in advance. Key project risks that have been identified are discussed below.

7.1 Sovereign Risk

Sovereign risk is the risk an investment's returns could suffer as a result of political changes or instability in a country. Instability affecting investment returns could stem from a change in government, legislative bodies, other foreign policy makers or military control.

The International Business Center (IBC) in the Eli Broad Graduate School of Management at Michigan State University has rated Mozambique as category D country in a scale of A to E, where A is the lowest risk while E is the highest risk category (www.globaledge.msu.edu).

7.2 Resources & Reserve Risk

The Mineral Resource present within the Caula Project has been categorised as separate Graphite and Vanadium Mineral Resource. Moving forward it may be possible that further exploration, geological and metallurgical assessment may result in a reduction or an increase of resource which would have a material impact on the technical value of the concession.

No Mineral Resource has been reported within other tenements.

No Ore Reserve has been defined at any of these projects. Moving forward it may be possible that further technical studies may not result in the development of Ore Reserve which would have a material impact on the value of the project.

7.3 Processing Risk

Limited mineral processing studies have been conducted so far. Results so far suggest that high graphite concentrate grades are possible at acceptable recoveries. Although significant results have been obtained from the limited samples test work conducted so far, detailed mineral processing test work is required to ascertain graphite grade and recovery in locked-cycle tests and pilot plant.

Moving forward, it may be possible that unfavourable results from further test-work may jeopardise project viability.

7.4 Commodity Price Risk

Graphite price and its demand are cyclical in nature and subject to significant fluctuations. Any significant decline in the prices of these or demand could materially and adversely affect the company's business and financial condition results of operations and prospects.

Commodity markets are highly competitive and are affected by factors beyond the Company's control which include but are not limited to:

- Global Economic Condition;
- Government actions including policy on electrical cars; and,
- Fluctuations in industries with high graphite demand.

7.5 Mine Infrastructure Associated Risk

Although the accessibility of the project is good, a significant mine infrastructure facility including power generation needs to be developed before the commencement of mining activity.

7.6 Mining Approvals, Tenure, and Permits

During mining, many government permits and approvals may be required to ramp up the capacity and the associated infrastructure facilities. Any delays in obtaining the required approvals may affect the production expansion and the mine plan. This may likely cause the project to overrun, which may significantly affect project capital and operating costs.

It is also possible that delays to land access and associated interruptions may occur in the future and that this may have a material impact on the value of the concession.

7.7 Environmental and Social Risks

While environmental and social risks have been identified and management plans are in place, it is possible that failure to comply with the environment criteria or failure to maintain good relationships with the local community will impact the project. Except environmental risk associated with the retreatment of tailing, these risks are not considered to be greater for these projects than any other graphite projects.

8 Valuation

8.1 Valuation Approaches

While the VALMIN Code (2015) states that the selection of the valuation approach and methodology is the responsibility of the Practitioner, where possible, Mining Insights considers a number of methods.

The aim of this approach is to compare the results achieved using different methods to select a preferred value within a valuation range. This reflects the uncertainty in the data and interaction of the various assumptions inherent in the valuation.

The VALMIN Code (2015) outlines three generally accepted valuation approaches:

1. Income Approach;
2. Market Approach; and
3. Cost Approach.

The Income Approach is based on the principle of anticipation of benefits and includes all methods that are based on the income or cash flow generation potential of the Mineral Property (VALMIN 2015). Valuation methods that follow this approach include Discounted Cash Flow (DCF) modelling, Monte Carlo Analysis, Option Pricing and Probabilistic methods.

The Market Approach is based primarily on the principle of substitution and is also called the Sales Comparison Approach. The Mineral Property being valued is compared with the transaction value of similar Mineral Properties, transacted in an open market (CIMVAL, 2003). Methods include Comparable Transactions, MTR and option or farm-in agreement terms analysis.

The Cost Approach is based on the principle of contribution to value (CIMVAL, 2003). Methods include the appraised value method and multiples of exploration expenditure, where expenditures are analysed for their contribution to the exploration potential of the Mineral Property.

The applicability of the various valuation approaches and methods vary depending on the stage of exploration or development of the property, and hence the amount and quality of the information available on the mineral potential of the property. Table 7:1 presents the various valuation approaches for the valuation of mineral properties at the various stages of exploration and development.

Table 8:1 Suggested valuation approaches according to Development status

Valuation Approach	Exploration Projects	Pre-development Projects	Development Projects	Production Projects
Market	Yes	Yes	Yes	Yes
Income	No	In some cases	Yes	Yes
Cost	Yes	In some cases	No	No

The Market approach to valuation is generally accepted as the most suitable approach for valuation of an Exploration or a Pre-Development Project.

An income-based method, such as a Discounted Cash Flow (DCF) model is commonly adopted for assessing the Value of Tenure containing a deposit where an Ore Reserve has been produced following appropriate level of technical studies and to accepted technical guidelines such as the JORC Code (2012).

The use of cost-based methods, such as considering suitable multiples of exploration expenditure is best suited to exploration properties before Mineral Resources are reliably estimated.

A summary of each of these methodologies is outlined in Appendix B of this report. In general, these methods are accepted analytical valuation approaches that are in common use for determining Market Value (defined below) of mineral assets, using market-derived data.

The "**Market Value**" is defined in the VALMIN Code (2015) as, in respect of a mineral asset, the amount of money (or the cash equivalent of some other consideration) for which the Mineral Asset should change hands on the Valuation date between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion. The term Market Value has the same intended meaning and context as the IVSC term of the same name. This has the same meaning as Fair Value in RG111. In the 2005 edition of the VALMIN Code, this was known as Fair Market Value.

The "**Technical Value**" is defined in the VALMIN Code (2015) as an assessment of a Mineral Asset's future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations. The term Technical Value has an intended meaning that is similar to the IVSC term Investment Value.

In summary, the various recognised valuation methods are designed to provide an estimate of the mineral asset or property value in each of the various categories of development. In some instances, a particular mineral asset or property or project may comprise assets which logically fall under more than one of the previously discussed development categories.

8.2 Mining Insights' Valuation Techniques

In estimating the value of New Energy's assets as at the valuation date, Mining Insights has considered various valuation methods within the context of the VALMIN Code (2015).

When valuing an exploration project, the Practitioner is attempting to determine a value that reflects the potential of the project to yield an Ore Reserve and Life of Mine Plan from which a future income stream may ultimately be derived. At the same time, the valuer must also be cognizant of what the project is deemed to be worth by the market and actual transactions taking place, to ensure that the value estimates are realistic. Arriving at the value estimate is somewhat complex as there is no single mineral asset valuation method appropriate for all circumstances.

The valuation method applied depends on the relative maturity of assessment for each asset, as well as the amount of available data supporting the project. In preparing its valuation of New Energy's assets, Mining Insights has considered the two main approaches (market and cost) as well as the available methodologies under each approach.

In Mining Insights' opinion, New Energy's tenements are exploration project and as discussed above, market comparative method and cost-based methods are generally used to value such type of projects. Therefore, Mining Insights has preferred to apply a combination of two methods to value the Project due to the uncertainties attached to its progress. The valuation methods applied include market-based "Comparable Transactions Method" and cost-based "Geoscientific Rating Method".

The valuation is on an equity basis with an effective date when the variations to the transaction was announced to the market.

8.3 Valuation based on Comparable Market Transaction Method

8.3.1 Valuation based on Market Comparable – Caula Project

To determine the fair market value for the Caula Project, Mining Insights has reviewed recent market transactions for exploration assets involving sale and purchase of tenements with graphite mineralisation and delineated Mineral Resource reported in accordance with the JORC Code.

To determine implied value relevant to the valuation date, Mining Insights has considered only those transactions which occurred within a period of four years of the transaction. Mining Insights has identified 8 transactions which can be considered relevant in assessing the fair market value of the Caula Project. These market transactions are listed in Table 8:2.

Table 8:2 Comparable Market Transactions – Caula Project

Date	Project	Seller	Buyer	Location	Interest	Consideration ($M)	Value $M (100%)	Resources (Mt)	Grade (TGC %)	Contained TGC (Mt)	Implied Value ($/t TGC)
Jan-20	Munglinup	Gold Terrace Pty Ltd	Mineral Commodities Ltd	Western Australia	39%	9.8	8.6	7.99	12.20%	0.97	$8.82
May-18	Lindi	Undisclosed	Walkabout Resources	Tanzania	30%	1.3	4.4	29.6	11.00%	3.25	$1.35
Apr-18	Siviour	Ausmin Development	Renascor	South Australia	51%	5.6	11	80.6	7.90%	6.37	$1.73
Feb-18	Grafex	Gregory James Sheffield	Triton	Mozambique	20%	1.9	9.6	1,443	11.10%	160.32	$0.06
Sep-17	Munglinup	Gold Terrace Pty Ltd	Mineral Commodities Ltd	Western Australia	51%	4.4	8.6	3.6	15.30%	0.56	$15.56
May-17	Chilalo	Graphex	CN Docking	Tanzania	50%	24	48	16.9	10.20%	1.72	$27.85*
Jun-16	Siviour	Ausmin Development	Renascor	South Australia	29%	0.7	2.3	16.8	7.40%	1.24	$1.82
Sep-15	Graphmada	Stratmin Global Resources Plc	Bass	Madagascar	100%	5.4	5.4	5.7	4.10%	0.23	$22.95
										Average $/t TGC	$7.47
										Median $/t TGC	$1.82
										Quadrant 1 $/t TGC	$1.35
										Quadrant 3 $/t TGC	$15.56

Source: ASX Company Announcements

** Transaction not completed.*

In assessing a valuation factor for unit resource tonnes, Mining Insights analysed these transactions and considered them to be suitable comparatives for the valuation of Caula Project. The transactions were analysed in terms of the implied purchase price and the Mineral Resource at the time of the transaction. The share prices at the time of the announcement of the transactions were considered, where shares formed a part of the consideration and the timing of payments, as set out in the initial agreements, was also taken into account.

During January 2020, Mineral Commodities Ltd (MRC) acquired an additional 39% interest (to 90%) in the Munglinup Graphite Project in Western Australia from Gold Terrace Pty Ltd for an upfront consideration of $0.8M cash and 30 million shares in MRC. Based on the Mineral Resource and MRC's share price at the time, this equates to $8.82/t of TGC.

In May 2018, Walkabout Resources exercised its option to acquire the remaining 30% interest in the Lindi Graphite Project in Tanzania for US$1 million ($1.3M) in cash. Lindi's Resource Estimate of 2016 also includes 0.2% V_2O_5 apart from 11%TGC. Based on the Mineral Resource, currency exchange rate and the share price at the time, this equates to $1.35/t of TGC.

During April 2018, Renascor Resources exercised the option to acquire the remaining 51% equity in the Siviour Graphite Project from Ausmin Development Pty Ltd by issuing 187.6 million shares in the company. Based on the Mineral Resource and share price at the time, this equates to $1.73/t of TGC.

In February 2018, Triton Minerals acquired the remaining 20% of the Mozambique exploration licenses encompassing the areas of Ancuabe, Nicanda Hill, Cobra Plains, Nicanda West and Balama South from its JV partner, Gregory James Sheffield, for US$1.5M ($1.9M). Nicanda Project's Mineral Resource also includes 0.29% V_2O_5 apart from 11% TGC. Based on the Triton's Mineral Resource and exchange rates at the time, this equates to $0.06/t of TGC.

During September 2017, Mineral Commodities Ltd (MRC) acquired 51% interest in the Munglinup Graphite Project in Western Australia from Gold Terrace Pty Ltd for an upfront consideration of $3.2M cash and 10 million shares in MRC. Based on the Mineral Resource and MRC's share price at the time, this equates to $15.56/t of TGC.

In May 2017, CN Docking Joint Investment and Development Co Ltd signed a non-binding term sheet with Graphex for an equity investment of US$18M ($24M) for a 50% interest in the Graphex's Chilalo Project along with the off-take agreement. Based on Chilalo's Mineral Resource and exchange rates at the time, this equates to $27.85/t of TGC. However, the transaction was not completed as such Mining Insights considers this not to be a reliable comparable transaction.

During September 2015, Bass Metals entered into an agreement with Stratmin Global Resources Plc to acquire Graphmada Graphite assets located in Madagascar. These assets have previously operated. The initial payment includes $1.5M cash in addition to 75 million shares at $0.01/share. Subsequently in December 2016, Bass renegotiated the deferred consideration payment to $3.14M, bringing the total cost of acquisition to $5.39M. Based on the Mineral Resource and share price at the time, this equates to $22.95/t of TGC.

According to Roskill, one of the leading Industrial Commodity Analysis group, during 2019, one of the main catalysts in the graphite industry was China's continued shift away from upstream production towards downstream production. The country Imports are thought to have declined in Q4 of 2019 with the reduced production from Syrah Resources. Syrah Resources, which operates the Balama Mine in Mozambique near the New Energy's tenement is the largest natural graphite project outside China. It decided to cut back production from 15,000 metric tons per month to 5,000 in September due to volatility in the market and softening of Graphite prices. The Syrah rollback has been the biggest news in the graphite sector, as it has affected everyone looking to get into the market.

Mining Insights have also reviewed EV/t of neighbouring Syrah Resources Balama Mine which contains significant Mineral Resource at 11% TGC and 0.23% V2O5. Based on market capitalisation and latest available cash and debt position, current EV/t is estimated at $1.40/t TGC as compared to EV/t of $2.70/t TGC at the time of the previous valuation in March 2019.

Considering the risk profile based on project location, geology, metallurgy, size and grade of the deposit, and other micro and macro-economic parameters (including market sentiment) which could affect the project viability and economics, in Mining Insights' opinion, the implied value of delineated mineralisation within the Caula Project should be in the range of $1.35/t (Quadrant 1 of the comparable dataset) to $2.28t (125% of the median of the dataset) of contained TGC in Mineral Resource with a preferred value of $1.82/t (median of the dataset) of contained TGC.

Therefore, based upon the market based comparable transaction method, the valuation of the 100% of the Caula Project has been assigned in the range of $4.0M to $6.7M with a preferred value of $5.3M. A summary of the Mining Insights' market-based valuation is presented in Table 8:3.

Table 8:3 Market-Based Valuation – Caula Project (9407C)

Project	Contained TGC (Mt)	Market Value ($/t TGC)			Valuation ($M)		
		Lower	Preferred	Higher	Lower	Preferred	Higher
Caula Project	2.93	1.35	1.82	2.28	4.0	5.3	6.7
Market-Based Valuation – Caula Project (100% Basis)					**4.0**	**5.3**	**6.7**

This valuation range can be considered appropriate for the project at this stage of development, reflecting the uncertainty of eventual extraction of a mineral resource and current market conditions/demand for graphite.

8.3.2 Valuation based on Market Comparable – Other Tenements

To determine the fair market value for New Energy's other tenements which has no defined Mineral Resources, Mining Insights has reviewed recent market transactions for exploration assets involving sale and purchase of tenements with graphite mineralisation without any delineated Mineral Resource reported in accordance with the JORC Code.

Mining Insights has identified three (3) transactions which can be considered relevant in assessing the fair market value of these tenements. These market transactions are discussed below:

- In June 2018, Mineral Commodities Ltd. acquired tenement E74/565 adjoining to its Munglinup Graphite Mining Lease in Western Australia for a cash consideration of \$200,000. The previous airborne geophysical survey showed that the graphitic gneiss extends into E74/575. Based on the size of the tenement of 151.8 km^2, this equates to \$1,318/km^2 of the tenement.
- In April 2017, Metals Australia Ltd. acquired 20.4 km^2 of the tenement at the Lac Rainy Nord Graphite project in Quebec, Canada for a consideration of 5 Million fully paid shares in the company. Exploration previously completed had identified several mineralized targets and is contiguous with Focus Graphites' Lac Knofe Graphite Project in the South, as well as the Company's existing Lac Rainy Nord Graphite Project. Based on the size of the tenement and prevailing share price, this equates to \$1,471/km^2 of the tenement.
- Discovery Africa Ltd. acquired a graphite exploration tenement in Uganda in April 2014. Exploration tenement EL 1173 located adjacent to the Kitgum Project was acquired for a cash consideration of US\$25,000 and 9.5 Million fully paid shares in the company. Based on the size of the tenement, prevailing exchange rate and share price, this equates to \$3,291/km^2 of the tenement.

Mining Insights notes that these transactions involve tenements in 3 different jurisdictions (Australia, Canada & Uganda) with varying level of prospectivity for Graphite as compared to Balama's tenements which are located in Mozambique which is emerging as one of a major supplier of natural graphite outside China.

Considering the location, geology, prospectivity and other micro and macro-economic parameters (including market sentiment), in Mining Insights' opinion, the implied value of New Energy's other tenements without defined Mineral Resource should be in the range of \$1,000/km^2 of the tenement to \$4,000/km^2 of tenement depending on the tenement's prospectivity. Based on the market based comparable transaction method, the valuation (100% basis) of the New Energy's other tenements is presented in Table 8:4.

Table 8:4 Market-Based Valuation – Other Tenements (100% Basis)

Tenement	Area km^2	Market Value (\$/km^2)			Valuation (\$'000) (100% Basis)		
		Lower	Preferred	Higher	Lower	Preferred	Higher
5873L	137.8	1,500	2,750	4,000	207	379	551
6363L	75.8	1,000	1,400	1,800	76	106	136
7560L	127.9	1,000	1,400	1,800	128	179	230

This valuation range can be considered appropriate for the project at this stage of development, reflecting the uncertainty of eventual extraction of a mineral resource.

8.4 Valuation based on Geoscientific Rating Method

The Geoscientific or Modified Kilburn method of valuation, as described by Kilburn (1990), attempts to quantify the relevant technical aspects of a property through the use of appropriate multipliers (factors) applied to an appropriate base (or intrinsic) value. The intrinsic value is referred to as the Base Acquisition Cost (BAC) and is critical as it forms the standard base from which to commence a valuation. It represents “the average cost to identify, apply for and retain a base unit of area of the title”.

Multipliers or factors are considered for Off-property aspects, On-property aspects, Anomaly aspects and Geological aspects. These multipliers are applied sequentially to the BAC to estimate the Technical Value for each tenement. A further Market Factor is then considered to derive a Fair Market Value.

Mining Insights has used a BAC of $450/km^2$. Mining Insights has compared this BAC against the actual expenditure reported for the past two years and considers it be reasonable. Mining Insights has assessed the Market Factor of 80% based on the current soft market conditions for the graphite industry. The rating criteria used for assessing the modifying factors are provided in Table 8:5.

Table 8:5 Geoscientific Rating Table

<table>
<tr><th>Rating</th><th>Off property Factor</th><th>On Property Factor</th><th>Anomaly Factor</th><th>Geological Factor</th></tr>
<tr><td>0.1</td><td></td><td></td><td>No anomaly identified</td><td>Unfavourable geological setting</td></tr>
<tr><td>0.5</td><td>Unfavourable district/basin</td><td>Unknown area</td><td>Extensive previous exploration provided poor results</td><td>Poor geological setting/ extensive cover</td></tr>
<tr><td>0.9</td><td></td><td></td><td>Poor results to date</td><td>Generally, favourable geological setting, undercover or complexly deformed</td></tr>
<tr><td>1</td><td>No known mineralisation in the district</td><td>No known mineralisation on lease</td><td>No targets outlined</td><td rowspan="2">Generally favourable geological setting</td></tr>
<tr><td>1.5</td><td>Minor workings</td><td>Minor workings or mineralised zones exposed</td><td>Target identified, initial indications positive</td></tr>
<tr><td>2</td><td rowspan="2">Several old workings in district</td><td rowspan="2">Several old workings or exploration targets identified</td><td>Several well-defined targets supported by limited drill data</td><td>Multiple exploration models being applied simultaneously</td></tr>
<tr><td>2.5</td><td rowspan="2">Several well-defined targets with encouraging drill results</td><td>Well defined exploration model applied to new areas</td></tr>
<tr><td>3</td><td rowspan="2">Mine or abundant workings with significant previous production</td><td rowspan="2">Mine or abundant workings with the previous production</td><td rowspan="2">Significant mineralised zones exposed in prospective host rocks</td></tr>
<tr><td>3.5</td><td>Significant grade intercepts evident but not linked on the cross or long section</td></tr>
</table>

Rating	Off property Factor	On Property Factor	Anomaly Factor	Geological Factor
4	Along strike from a major deposit	Major mine with significant historical production	Several sub-economic grades intercept on adjacent sections	Well understood exploration model, with valid targets in the structurally complex area, or undercover
5	Along strike of the world-class deposit		Marginal economic targets of significant size	Well understood exploration model, with valid targets in well-understood stratigraphy
6			Several significant ore grade correlate-able intersections	Advanced exploration model constrained by known and well-understood mineralisation
10		World-class mine		

Geoscientific ratings per tenement and valuation based on a Geoscientific Method for New Energy's tenements are provided in Table 8:6. These Geoscientific ratings have considered the location, prospectivity and level of exploration work completed.

Table 8:6 Valuation - Geoscientific Method (100% Basis)

Tenement	Area (km2)	BAC ($'000)	Factor Range	Off Property	On property	Anomaly	Geology	Technical Value ($'000)	Market Factor	Valuation ($'000)
Caula (9407C)	31.9	14	Low	3	3	5	5	3,226	80%	2,581
			High	4	4	7	7	11,240		8,992
5873L	132.8	62	Low	2	1	1.5	1.5	279	80%	223
			High	3	1.5	1.5	2	837		670
6363L	75.8	34	Low	2	1	1	1	68	80%	55
			High	3	1	1	1.5	153		123
7560L	127.9	58	Low	2	1	1	1	115	80%	92
			High	3	1	1	1.5	259		207

8.5 Valuation Summary

In forming its opinion of the reasonable value of New Energy's tenements, Mining Insights has taken guidance from the comparable market transactions method and Geoscientific Rating method. In selecting its overall value range and preferred value, Mining Insights has placed equal weight on the values implied by the Comparable Transaction and Geoscientific Rating Methods, with a preferred value being halfway between the low and high-value range.

Summary for the New Energy's tenements (on 100% basis) is shown in Table 8:7.

Table 8:7 Valuation – New Energy Projects (100% Basis)

Project	Method	Implied Value ($'000) 100% Basis		
		Low	High	Preferred
Caula (9407C)	Comparable Transaction	3,956	6,680	
	Geoscientific Rating	2,581	8,992	
	Selected	**3,268**	**7,836**	**5,552**
5873L	Comparable Transaction	207	551	
	Geoscientific Rating	223	670	
	Selected	**215**	**610**	**413**
6363L	Comparable Transaction	76	136	
	Geoscientific Rating	55	123	
	Selected	**65**	**130**	**97**
7560L	Comparable Transaction	128	230	
	Geoscientific Rating	92	207	
	Selected	**110**	**219**	**164**

Table 8:8 considers New Energy's equity position in Balama's mineral assets.

Table 8:8 Valuation – Balama Projects (New Energy's Equity Basis)

Project	Equity	Valuation ($'000)		
		Lower	Preferred	Higher
Caula (9407C)	80%	2,614	4,442	6,269
5873L	60%	129	248	366
6363L	100%	65	97	130
7560L	100%	110	164	219
Total (Balama's Share)		**2,919**	**4,951**	**6,984**
New Energy's Share (50% of Balama)		**1,459**	**2,476**	**3,492**

Based on Market Comparable and Geoscientific Rating method, the valuation for New Energy's relevant interest in Balama's portfolio of tenements has been determined to be in the range of $1,459,000 to $3,492,000 with a preferred value of $2,476,000. This valuation range is considered appropriate for the projects at this stage of development, reflecting the uncertainty of eventual extraction of a mineral resource.

Compiled by

Manish Garg
Director / Mineral Asset Valuation Specialist

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Appendix A – Qualifications

Manish Garg is a Director at Mining Insights Pty Ltd. Mining Insights is a mining and logistics consulting organisation with headquarter at Brisbane, Australia. Manish has extensive experience in the assessment and valuation of mineral assets.

Sept 2016 – Present

Mining Insights Pty Ltd
Director

Consulting work with over 9 valuation assignments including:

- Oakdale Resource – Oakdale Graphite Project
- New Century Resources – Century Zinc & Kodiak Projects
- Ascot Resources – Colombian Coal Assets
- Golden Energy & Resources Ltd – Valuation of 4 major operating mines for Singapore SGX Mainboard listing
- AMCI – Vale's Carborough Downs Mine
- AMCI – South Galilee Coal Project
- Balamara Resources – Coal Assets in Poland
- Mayur Resources – Gold & Copper projects in PNG
- Valor Resources – Manganese Copper Project, Peru

Oct 2011 – Sept 2016

Salva Resources Pty Ltd
Director – Consulting

Consulting work including over 25 valuation assignments including:

- Hancock Prospecting Pty Ltd – Valuation
- Chinalco Yunnan Copper Resources Ltd – Due Diligence & Valuation
- Guildford Coal Ltd – Independent technical expert report
- Kangaroo Resources Ltd – Independent Valuation
- Conto Resources Ltd & Dateline Resources Pty Ltd – Independent Valuation
- Avocet Resources Ltd & Lion One Metals Ltd – Independent valuation
- Anglo Coal – Management Advisory
- Rio Tinto – Management Advisory
- Sakari Resources Ltd – Management Advisory
- RSM Bird Cameron Pty Ltd – Ind Valuation
- Planet Resources – Independent technical expert report
- Mitchell Energy Pty Ltd – Valuation
- Pilbara Commodities Pty Ltd – Independent Valuation
- Queensland Coal Investment Pty Ltd – Valuation
- Triveni Earthmovers Pty Ltd – Due Diligence on Iron ore asset in Mauritania
- OPG International Ventures Pty Ltd – Valuation
- AMCI - Due Diligence & Valuation
- Temasek Holding (Singapore) Pty Ltd – Due Diligence & Valuation
- Fitzroy Port Pty Ltd – Due Diligence

Apr 2009 – Oct 2011

Xstract Mining Consultants Pty Ltd
Manager & Principal Consultant – Evaluation

Consulting work including working on over 30 evaluation and valuation assignments including:

- First Reserve Corporation Inc – Due Diligence & Valuation
- Temasek Holding (Singapore) Pty Ltd – Due Diligence & Valuation
- KPMG – Valuation
- Oman Oil – Due Diligence & Valuation
- Cliff Natural Resources - Management Advisory
- Rio Tinto – Due Diligence & Valuation
- Anglo Coal – Due Diligence & Valuation
- Mitsui – Due Diligence & Valuation
- AMCI – Due Diligence & Valuation
- Vale – Due Diligence & Valuation

June 2006 – Apr 2009

Rio Tinto
Group Manager – Business Improvement

Internal consulting work including assignments for strategy and valuation for:

- Hunter Valley Operations
- Mount Thorley Warkworth Operations
- Bengalla Coal Mine
- Kestrel Mine
- Blair Athol Mine
- Hail Creek Mine
- Clermont Mine
- Rio Tinto Alcan Weipa Operations
- Kennecott Utah Copper
- Rio Tinto Pilbara Iron

June 2005 – June 2006

BHP Billiton – Illawarra Coal
Manager – Business Excellence

Internal consulting work including assignments for optimisation, strategy and valuation for:

- West Cliff Mine
- Appin Mine
- Dendrobium Mine
- Port Kembla Coal Terminal

March 2004 – June 2005

Oceanagold Gold Ltd
Manager – Business Strategy

Internal consulting work including assignments for optimisation, valuation, strategy and business modelling for:

- Macraes Open-pit
- Frasers Underground
- Reefton Open-pit

Oct 2002 – March 2004	**WMC Resources Ltd (now BHP Billiton – Nickel West)** **Manager – Business Planning**

Internal Consulting work including assignments for optimisation, evaluation of various assets, merger & acquisition strategy and valuation for:

- Kalgoorlie Nickel Smelter
- Mount Keith Mine
- Leinster Operations
- Kambalda Operations
- Kwinana Nickel Refinery
- Olympic Dam Operations

Mar 1992 – Oct 2002	**Pasminco Ltd (now MMG Resources)**

March 2000 – Oct 2002	**Manager – Business Analysis**
March 1999 – March 2000	**Manager – Market Analysis**
Oct 1997 – March 1999	**Lead Engineer – Studies**
Mar 1992 – Oct 1997	**Superintendent - Metallurgy**

Internal Consulting work including assignments for operations, optimisation, evaluation and feasibility studies including modelling for:

- Elura Mine, Cobar
- Broken Hill Mine
- Century Mine
- Rosebery Mine
- Hobart Smelter
- Budel Smelter, Netherlands
- Port Pirie Smelter

July 1988 – Feb 1992	**Vedanta Plc.** **Engineer – Mineral Processing**

Education

1997 - 2000	**Master of Applied Finance** Securities Institute (now Kaplan), Melbourne
1984 - 1988	**Bachelor of Engineering (Minerals Engineering) (Honours)** Indian School of Mines

Professional Associations

Member of the Australasian Institute of Mining and Metallurgy
Member of the Australian Institute of Company Directors

Others

Workshop leader for various technical conference and workshops on valuation and project assessment.

Appendix B – Valuation Approaches and Methods

To ensure compliance with the ASX's listing rules and Australian Corporations Act, this report has been prepared in accordance with the VALMIN Code. Under the VALMIN Code, mineral assets are classified according to their maturity. A *mineral asset* includes all property held for the purpose of near term or eventual mineral extraction, including but not limited to:

- real property;
- intellectual-property;
- concessions, plant, equipment and associated infrastructure.

Most mineral assets can be classified as outlined in the table below.

Mineral asset classification

Project development stage	Criterion
Exploration areas	Mineralisation may or may not have been defined, but where a Mineral Resource has not been identified.
Advanced exploration areas	Considerable exploration has been undertaken and specific targets identified. Sufficient work has been completed on at least one prospect to provide a good geological understanding and encouragement that further work is likely to result in the determination of a Mineral Resource.
Pre-development / Resource	Mineral Resources and/or Ore Reserves have been identified estimated. A positive development decision has not been made. This includes properties where a development decision has been negative and properties are either on care and maintenance or held on retention titles.
Development	Committed to production but not yet commissioned or not initially operating at design levels.
Operating	Mineral properties, in particular mines and processing plants, which have been fully commissioned and are in production.

Source: VALMIN, 2015

Under the VALMIN Code, the *value* is the fair market value of a mineral asset (2015). Fair market value is the amount of money or the cash equivalent that a willing buyer and seller would exchange on the valuation date in an arm's length transaction (VALMIN, 2015). Each party is assumed to have acted knowledgeably and without compulsion. In essence, fair market value is comprised of:

- Underlying or 'technical value' - a mineral asset's future economic benefit under a set of assumptions, excluding any premium or discount for the market, strategic, or other considerations
- Market component - a premium relating to market, strategic or other considerations, which can be either positive, negative, or zero.

The market value should include all material information to the asset. For projects with extensive technical detail, the valuer determines the materiality of information based on whether its inclusion would result in the valuation reaching a different conclusion.

There is no single method of valuation which is appropriate for all situations. The applicability of the various valuation approaches and methods vary depending on the stage of exploration or development of the mineral asset, and hence the amount and quality of the information available on the mineral potential of the assets. The table below presents the various valuation approaches for the valuation of mineral assets at the various stages of exploration and development.

Valuation approaches for different types of mineral assets

Approach	Project development stage			
	Exploration	Resource	Development	Operating
Income	No	Rarely	Yes	Yes
Cost	Yes	Rarely	No	No
Market	Yes	Yes	Yes	Yes

Source: VALMIN Code (2015)

Market-based approach

The market-based approach uses the transaction prices of projects in similar geographical, geopolitical, and geological environments to derive a market value using a process similar to that in the real estate industry. The market-based approach may use the assumption either of joint venture terms or outright acquisitions and can be presented in a range of unitised values including on a dollar per ounce or a tonne of contained metal/mineral; a dollar per square kilometre; or as a percentage of the prevailing commodity price.

In the Mining Insights' opinion, a market-based approach is well suited to establishing a likely value for mineral deposits and exploration projects, as it inherently takes into account all value drivers.

Related comparable transactions

Recent comparable transactions can be relevant to the valuation of projects and concessions. While it is acknowledged that it can be difficult to determine to what extent the properties and transactions are indeed comparable unless the transactions involve the specific parties, projects or concessions under review, this method can provide a useful benchmark for valuation purposes. The timing of such transactions must be considered as there can be a substantial change in value with time.

Mining Insights has considered whether any comparable relevant transactions have taken place in recent years which can be used as a basis for estimation of the value of the mining assets assessed herein.

As no two mineral assets are the same, the Expert must be cognizant of the quality of the assets in the comparable transactions, with specific reference to:

- the grade of the resource
- the metallurgical qualities of the resource
- location of the deposit (geopolitical risk associated with the location)
- the proximity to infrastructure such as an existing mill, roads, rail, power, water, skilled workforce, equipment, etc.
- likely operating and capital costs
- the amount of pre-strip (for open pits) or development (for underground mines) necessary

- the likely ore to waste ratio (for open pits)
- the size of the concession covering the mineral asset, and
- the overall confidence in the resource.

Alternative offers and joint venture terms

If discussions have been held with other parties and offers have been made on the project concessions under review, then these values are certainly relevant and worthy of consideration. Similarly, joint venture terms where one party pays to acquire an interest in a project or spends exploration funds in order to earn interest, provide an indication of value.

Rules of thumb or yardsticks

Certain industry ratios are commonly applied to mining projects to derive an approximate indication of value. The most commonly used ratios are dollars per tonne of coal in resources, dollars per tonne of coal in reserves, and dollars per tonne of annual production. The ratios used commonly cover a substantial range which is generally attributed to the 'quality' of the coal, the infrastructure to reach markets and the status of the tonnes estimates. Low cost of production tonnes is clearly worth more than high-cost tonnes. Where a project has the substantial future potential not yet reflected in the quoted resources or reserves a ratio towards the high end of the range may be justified.

Other Expert Valuations

Where other independent experts or analysts have made recent valuations of the same or comparable properties, these opinions clearly need to be reviewed and to be taken into consideration.

Cost-based Approaches

Appraised Valuation or Multiple of exploration expenditure method (MEE)

Past expenditure or the amount spent on exploration of a concession is commonly used as a guide in determining the value of exploration concessions, and 'deemed expenditure' is frequently the basis of joint venture agreements. The assumption is that well-directed exploration has added value to the property. This is not always the case and exploration can also downgrade a property and therefore a 'prospectively enhancement multiplier' (PEM), which commonly ranges from 0.5-3.0, is applied to the effective expenditure. The selection of the appropriate multiplier is a matter of experience and judgement.

To eliminate some of the subjectivity with respect to this method, Mining Insights applies a scale of PEM ranges as follows to the exploration expenditure:

Prospectively enhancement multipliers

PEM Range	Criteria
0.2 - 0.5	Exploration (past and present) has downgraded the tenement prospectivity, no mineralisation defined
0.5 - 1.0	Exploration potential has been maintained (rather than enhanced) by past and present activity from regional mapping
1.0 - 1.3	Exploration has maintained, or slightly enhanced (but not downgraded) the prospectivity

PEM Range	Criteria
1.3 - 1.5	Exploration has considerably enhanced the prospectivity (geological mapping, geochemical or geophysical activities)
1.5 - 2.0	Scout drilling (RAB, Aircore, RC) has identified economic drill intersections of mineralisation
2.0 – 2.5	Detailed drilling has defined prospects with a potential economic interest
2.5 – 3.0	A Mineral Resource has been estimated at Inferred JORC category
3.0 – 4.0	Indicated Mineral Resources have been estimated that are likely to form the basis of a Pre-feasibility Study
4.0 – 5.0	Indicated and Measured Resources have been estimated and economic parameters are available for assessment

Source: Mining Insights

Over-riding any mechanical or technical valuation method for exploration ground must be recognition of prospectivity and potential, which is the fundamental value in relation to exploration properties.

Geo-Scientific rating (or Kilburn method)

Geo-Scientific rating (or Kilburn method), is used to value early-stage exploration assets. This method is an attempt by the valuation expert to quantify the various technical aspects of a property through the use of multipliers which are applied to a base or intrinsic value (Goulevitch J & Eupene G S, 1994 and Kilburn,1990). This intrinsic value is known as the base holding cost (BHC) which represents “the average cost to identify, apply for and retain a base unit of area of tenement title”.

To derive a value for each property, the valuation expert considers four key attributes which either enhance or downgrade the BHC of each property. The technical factors considered are:

- the Off-property factor – nearby properties containing physical indications of favourable mining conditions such as old workings and/or mines;
- the On-property factor – the property being assessed hosts favourable mining indications such as historic workings or mines. Importantly any mineralisation capable of supporting a Mineral Resource estimate, compliant according to the guidelines of the JORC Code, will be assessed using other valuation methods;
- the Anomaly factor – assesses the degree of exploration completed over the property and the number of resultant mineralised targets identified, and
- the Geological factor – assesses the area covered by and degree of exposure of favourable rock types and/or structures (if this is related to the mineralisation style being assessed) within the property.

These attributes are given incremental, fractional or integer ratings to arrive at a series of multiplier factors. These multipliers are then applied sequentially to the BHC to estimate the Technical Value of each mineral property. This is adjusted for local market conditions to determine the Fair Market Value of the project as at the effective valuation date. The strength of the geoscientific method is that it makes an attempt to implement a systematic system. Whilst it does require a subjective assessment of the various multipliers, it also demands a degree of detached rigour to account for the key factors that can be reasonably considered to impact on the exploration potential of a property. Mining Insights’ multipliers or ratings and the criteria for rating selection are summarised in the table below.

Geo-Scientific Rating Criteria

<table>
<tr><th>Rating</th><th>Off property Factor</th><th>On Property Factor</th><th>Anomaly Factor</th><th>Geological Factor</th></tr>
<tr><td>0.1</td><td></td><td></td><td>No anomaly identified</td><td>Unfavourable geological setting</td></tr>
<tr><td>0.5</td><td>Unfavourable district/basin</td><td>Unknown area</td><td>Extensive previous exploration provided poor results</td><td>Poor geological setting/ extensive cover</td></tr>
<tr><td>0.9</td><td></td><td></td><td>Poor results to date</td><td>Generally, favourable geological setting, undercover or complexly deformed</td></tr>
<tr><td>1</td><td>No known mineralisation in the district</td><td>No known mineralisation on lease</td><td>No targets outlined</td><td rowspan="2">Generally favourable geological setting</td></tr>
<tr><td>1.5</td><td>Minor workings</td><td>Minor workings or mineralised zones exposed</td><td>Target identified, initial indications positive</td></tr>
<tr><td>2</td><td rowspan="2">Several old workings in district</td><td rowspan="2">Several old workings or exploration targets identified</td><td>Several well-defined targets supported by limited drill data</td><td>Multiple exploration models being applied simultaneously</td></tr>
<tr><td>2.5</td><td rowspan="2">Several well-defined targets with encouraging drill results</td><td>Well defined exploration model applied to new areas</td></tr>
<tr><td>3</td><td rowspan="2">Mine or abundant workings with significant previous production</td><td rowspan="2">Mine or abundant workings with the previous production</td><td rowspan="2">Significant mineralised zones exposed in prospective host rocks</td></tr>
<tr><td>3.5</td><td>Significant grade intercepts evident but not linked on the cross or long section</td></tr>
<tr><td>4</td><td>Along strike from a major deposit</td><td rowspan="2">Major mine with significant historical production</td><td>Several sub-economic grades intercept on adjacent sections</td><td>Well understood exploration model, with valid targets in the structurally complex area, or undercover</td></tr>
<tr><td>5</td><td rowspan="3">Along strike of the world-class deposit</td><td>Marginal economic targets of significant size</td><td>Well understood exploration model, with valid targets in well-understood stratigraphy</td></tr>
<tr><td>6</td><td></td><td>Several significant ore grade correlate-able intersections</td><td rowspan="2">Advanced exploration model constrained by known and well-understood mineralisation</td></tr>
<tr><td>10</td><td>World-class mine</td><td></td></tr>
</table>

(modified by Mining Insights)

NEW ENERGY
MINERALS

ABN 34 090 074 785

Need assistance?

Phone:
1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)

Online:
www.investorcentre.com/contact

YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **11:00am (AEST) Monday, 11 May 2020**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

ATTENDING THE MEETING

Shareholders will not be able to attend the Meeting in person, however can attend via teleconference link.

Lodge your Proxy Form:

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is

Control Number: 183764

SRN/HIN:

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with '**X**') should advise your broker of any changes.

Proxy Form

Please mark ☒ to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of New Energy Minerals Ltd hereby appoint

☐ **the Chairman of the Meeting** **OR** ________________

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of New Energy Minerals Ltd to be held via teleconference link on Wednesday, 13 May 2020 at 11:00am (AEST) and at any adjournment or postponement of that meeting. If you would like to join the teleconference, please follow the instructions on the enclosed cover letter.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
1	Disposal of Main Undertaking	☐	☐	☐
2	Ratification of Prior Issue of Convertible Notes	☐	☐	☐
3	Ratification of Prior Issue of Bonus Shares	☐	☐	☐
4	Replacement of Constitution	☐	☐	☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s)

This section must be completed.

Individual or Securityholder 1	Securityholder 2	Securityholder 3	
			/ /
Sole Director & Sole Company Secretary	Director	Director/Company Secretary	Date

Update your communication details *(Optional)*

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

Mobile Number	Email Address

NXE

computershare

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