

Update for the Quarter Ending 30 June 2020

29 July 2020

New Energy Minerals Limited (“**New Energy**”, the “**Company**”) (**ASX:NXE, FRA:GGY**) is pleased to provide an update to the market in relation to the Company’s activities for the period ending 30 June 2020.

Operational Update

Fura Transaction

During the quarter the Company announced that it had successfully completed the Company’s previously announced sale of interests in ruby licenses/concessions in Mozambique under the Revised and Restated Merger of Ruby Assets Agreement dated 7 January 2020 (the “**Revised MRAA**”) with Fura Gems Inc. (“**Fura**”) for A\$1,400,000.¹

The Revised MRAA contemplated the purchase and sale by Fura of interests in three ruby licenses/concessions in Mozambique as follows:

- (i) a 70% interest in ruby mining license 5030L through the acquisition of 70% of the issued and outstanding shares of Rubi Resources SA;
- (ii) a 80% interest in ruby mining concession 8921C through the acquisition of 80% of the issued and outstanding shares of Ibra Moz SA; and
- (iii) a right to earn a 65% interest in ruby mining concession 8955C under a joint venture agreement (collectively, the “**New Energy Assets**”).

The Company confirms that all final settlement conditions were met and Fura made payment of the purchase consideration to New Energy. The settlement concluded the transaction.

Balama Transaction

Approval of Balama Share Sale (as varied)

At the Company’s EGM held on 13 May 2020 the disposal of the Company’s main undertaking was approved by shareholders.

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Minerals**

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¹ Refer to ASX Announcement dated 28 November 2018 for details of the Amending Agreement and the ASX Announcement dated 17 July 2018 for details of the original MRAA and ASX Announcement dated 11 February 2020 outlining revised MRAA.

Variation of Balama Share Sale Agreement

Following the end of the June Quarter on 14 July 2020 New Energy announced the execution of a third deed of variation of the Share Sale and Purchase Agreement dated 8 February 2018, as varied on 26 September 2019 and 28 January 2020 ("**SSPA**" or "**Balama Transaction**") with Auspicious Virtue Investment Holding Limited ("**Auspicious**").²

In accordance with the third variation deed New Energy and Auspicious agreed to include New Energy's Mozambican subsidiary (New Energy Minerals Lda) as part of the sale, as well as Auspicious withholding the amount of AU\$100,000 as security for the safe return of the drill core samples removed from the Caula project site by the former project manager³.

Furthermore, the Company agreed to indemnify Auspicious from any liability incurred by Balama or its subsidiaries as a result of the loss of or damage to, and failure to recover the drill core samples capped in the amount of A\$500,000. New Energy also agreed to provide any information and co-operation reasonably requested by Auspicious for the purpose of recovering the drill core samples.

Completion of Balama Share Sale

Following the end of the June Quarter on 17 July 2020 the Company announced the closing of the Balama transaction. Net proceeds of \$634,476 were received by the Company following agreed deductions from the purchase price for the first and second pre-completion loan plus interest (\$1.71m), outstanding Caula project laboratory assay costs (\$0.28m), agreed management fees to Mozsino (\$0.36m) as well as surface taxes and historical and outstanding Mozambican legal and advisory costs for Balama.

The Company confirms that with the closing of the Balama Transaction it has no further operations in Mozambique and the closing also represents disposal of its main undertaking as previously approved by shareholders at a general shareholder meeting on 13 May 2020.

The Company will now seek to acquire a new project within the next six months.

Corporate Update

Payout of Convertible Notes

On 25 June 2020 the Company announced the payout of convertible notes totalling \$364,000 plus interest of \$24,735 at the agreed rate of 12% p.a.⁴

The Company confirms that this announcement has been authorised and approved by its Board.

² Refer to ASX Announcements dated 8 February 2019, 26 September 2019 and 28 January 2020 for details of the Balama sale agreement and variations.

³ Refer to ASX Announcement dated 1 July 2020.

⁴ Refer to ASX announcement dated 12 June 2019 for details of the short-term funding. Refer to ASX Announcement dated 10 December 2020 for details of the convertible note facility extension. Refer to ASX Announcement dated 10 March 2020 for details of the convertible note conversion.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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FORWARD-LOOKING STATEMENTS AND DISCLAIMERS:

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

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

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

This announcement and the information summarised herein does not constitute as offer, invitation, solicitation or recommendation in relation to the sale or purchase of shares in any jurisdiction. The announcement may only be distributed in jurisdictions where the legal requirements of that jurisdiction is met. Recipients are advised to familiarise themselves and be aware of the legal requirements and restrictions that may apply to their jurisdictions as a failure to comply may result in a violation of the securities laws.

The announcement has been compiled without consideration to the recipient's investment objectives, financial needs or circumstances. The information, opinions and recommendations in this announcement does not constitute investment advice or recommendation. Recipients are urged to always seek professional advice before making any investment decision.

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

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

APPENDIX: NEW ENERGY MINERALS TENEMENT SCHEDULE

Note: as at the date of this report the Company had disposed of all its tenement interests listed below with the exception of the Diamond License interest.

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

*Subject to an Amended SPA with Auspicious Virtue Investment Holding Ltd, refer to ASX Announcement dated 28 January 2020.

**Subject to a Revised MRAA with Fura Gems Inc, refer to ASX Announcement dated 11 February 2020.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

NEW ENERGY MINERALS LTD

ABN

34 090 074 785

Quarter ended ("current quarter")

30 JUNE 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(177)	(410)
	(e) administration and corporate costs	(410)	(1,505)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(64)	(73)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	172	172
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(479)	(1,816)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation (if capitalised)	(211)	(1,404)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	1,250	1,400
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	1,039	(4)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(5)
3.5	Proceeds from borrowings	-	1,600
3.6	Repayment of borrowings	(364)	(364)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(364)	1,231

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	155	938
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(479)	(1,816)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	1,039	(4)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(364)	1,231

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	2
4.6	Cash and cash equivalents at end of period	351	351

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	299	103
5.2	Call deposits	52	52
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	351	155

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
77
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	1,600	1,600
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	2,864
7.4 Total financing facilities	1,600	4,464
7.5 Unused financing facilities available at quarter end		0
<p>7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p>As at 31 December 2019 Arena held a total of \$2.5 million (face value) of convertible notes in the Company, of which \$1 million is in Tranche 1 notes issued in January 2018 with an 18-month term and \$1.5 million is in Tranche 2A notes issued in July 2018, also with an 18-month term.</p> <p>As at the date of this report the Company and Arena are in dispute, as previously announced to market and noted in the Company's activities report for the quarter ending 31 March 2020. As a result, the Unsecured Convertible Note Deed between Arena Structured Private Investments (Cayman) LLC and New Energy was terminated in November 2018 and as such no further funding is available from Arena.</p> <p>As at 30 June 2020 the Company had drawn down \$1.6 million as a pre-completion loan from Auspicious Virtue Investment Holding Limited (Auspicious) following the Share Sale and Purchase Agreement announced 8 February 2019 and amended on 25 September 2019 and 24 January 2020. These loans bore interest at 12% p.a and were secured against 100% of the Company's shares in Balama Resources Pty Ltd. As at the date of this report the Company had fully repaid this loan plus interest on settlement of the Balama sale with Auspicious, as announced on 17 July 2020.</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(479)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(211)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(690)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	351
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	351
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	0.51
<p>8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:</p> <p>1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?</p>	

Answer:

Subsequent to the end of the quarter on 17 July 2020 NXE closed the sale of its remaining 50% interest in Balama Resources Pty Ltd ("**Balama**") (which holds its Caula Graphite & Vanadium Project). As a result, NXE has paid out the \$1.6 million pre-completion loan plus interest from Auspicious Virtue Investment Holding Limited.

On 24 June 2020 NXE also settled the Fura transaction.

The sale of Balama was the disposal of the main undertaking of the Company as approved by shareholders on 13 May 2020.

Now that NXE has settled both the Balama and Fura transactions the Company will investigate and where appropriate acquire a new mineral project..

As result of the disposal of the Company's Mozambican mineral assets expenditure has been reduced significantly.

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

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

Answer:

The Company has now achieved settlement of both the Balama and Fura transactions which has resulted int the pay out of various liabilities and generated cash as noted in ASX release dated 17 July 2020.

The Company will now move to investigate the acquisition of one or more new projects. In considering new opportunities Company anticipates it will complete capital raising within its current 15% placement capacity and its additional 10% placement capacity.

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

Answer:

The Company continues to focus on its short-term business objective which is the investigation of new projects.

The Company also continues to assess its funding opportunities in the form of placements or similar.

Compliance statement

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

Date: 29 July 2020.....

Authorised by: By the Board.....


Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.