

Quarterly Activities Report For The Period Ending 30 September 2018

31 October 2018

**New Energy
Minerals**

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ASX Code: NXE

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HIGHLIGHTS

- The feasibility study drilling program on the Caula Vanadium-Graphite Project in Northern Mozambique was completed with 3,025m of diamond drilling and 1,130m of reverse-circulation drilling completed in Q3
- Caula hosts a JORC (Measured) mica-hosted vanadium resource of 22Mt @ 0.37% V₂O₅ (0.2% cut-off) for 81,600 tonnes of vanadium pentoxide (180 million pounds) with high-grade intersections up to 1.9% V₂O₅¹
- The Caula Graphite Mineral Resource, which is all in the Measured category, was upgraded to 21.9Mt at 13.4% Total Graphitic Carbon ("TGC") (8% cut-off) for a total of 2,933,100 tonnes of contained Graphite²
- The Company's Montepuez ruby assets were merged with TSX-V listed Fura Gems Inc. (TSXV:FURA) for A\$10 million in shares. Under the agreement the shares will be issued to New Energy Minerals in three tranches over a 20-month period, which will result in New Energy owning approximately 8% of Fura
- The Company announced its intention to change the Company name to 'New Energy Minerals Limited', to reflect its focus on vanadium and graphite exploration and mining, critical commodities for the rapidly growing New Energy Market.

¹ Refer to ASX Announcement dated 20 July 2018

² Refer to ASX Announcement dated 24 July 2018

New Energy Minerals Limited (“**New Energy Minerals**” or the “**Company**”) (**ASX:NXE FRA:GGY**) is pleased to provide an update to the market in relation to the Company’s activities for the period ending 30 September 2018.

Operational Update

Feasibility Study Drilling at Caula Vanadium-Graphite Project

During July 2018 the Company announced that the feasibility study drilling program at its flagship Caula Vanadium-Graphite project in Mozambique was well underway. A total of 4,155m of diamond (DD) and reverse-circulation (RC) drilling completed in Q3 of 2018. The purpose of this program was to:

- Further expand the existing Caula Vanadium and Graphite JORC Resources
- Provide additional core samples for feasibility level metallurgical testing programs
- To underpin feasibility studies for the Caula project in Q4-2018 and Q1-2019.

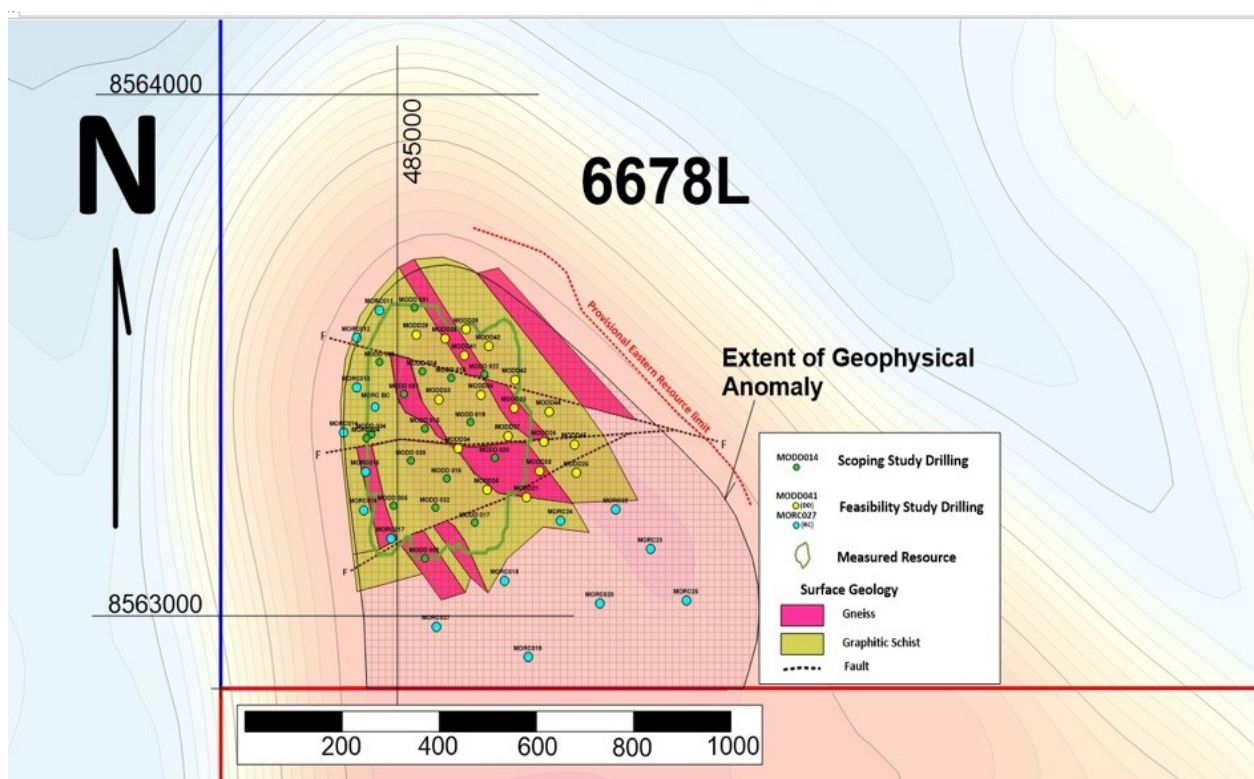


Figure 1. Locations of Feasibility study Drill holes and the plan view of mineralisation

Following this announcement, in early September 2018, the Company updated the market stating that the feasibility study drilling program on the Caula Vanadium-Graphite Project in Northern Mozambique, had been completed ahead of schedule. The drilling program successfully resulted in:

- An extension of the existing Caula Vanadium and Graphite deposit boundaries to the East, West and South
- Additional large intersections of visible graphite and vanadium-bearing mica
- Additional core samples for feasibility level metallurgical testing programs
- Geological and geotechnical samples for feasibility level tests
- Underpinning of pre-feasibility and feasibility studies for the Caula project.

The success of the drilling program resulted in extensions of the existing resource boundaries with visually high-grade coarse (large flake) graphite and vanadium-micas being intersected and logged in amongst others MODD 029, 042 and 043. Furthermore, visible graphite mineralisation has been intersected in all of the

additional holes drilled. These results clearly confirm the expansion potential of the existing resource and open-endedness of the Caula vanadium-graphite deposit.

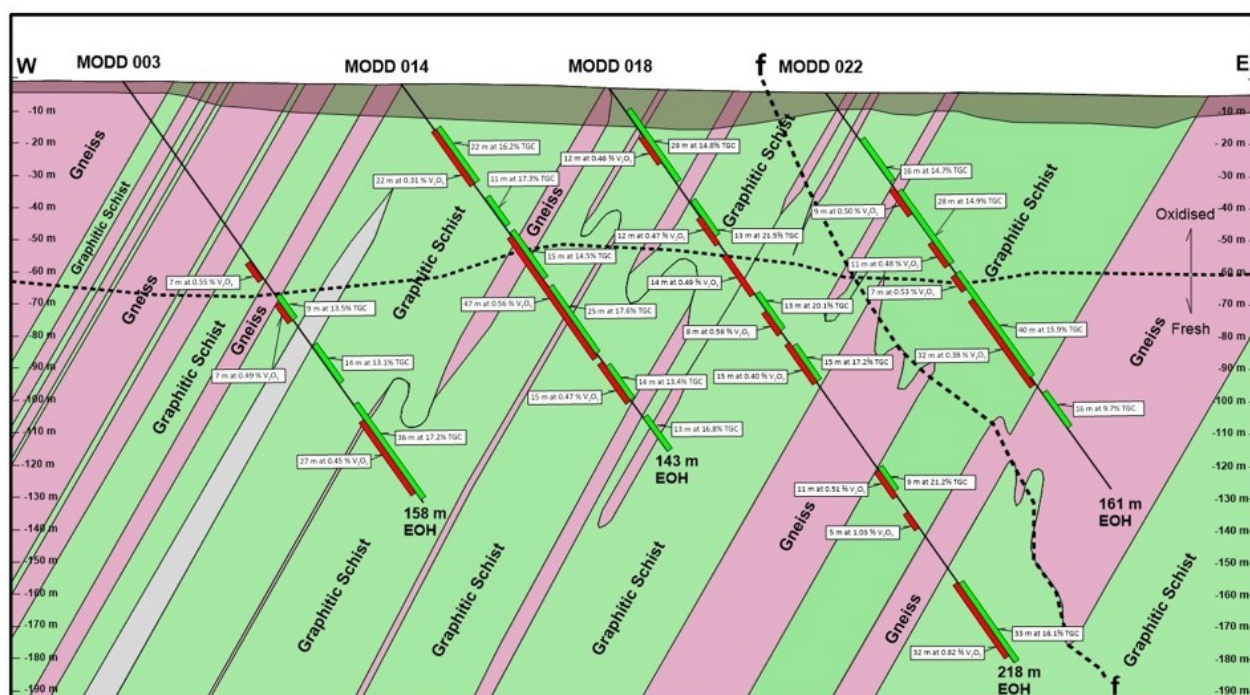


Figure 2. Cross-section of the Caula Vanadium-Graphite Deposit

Caula Project – Maiden Vanadium Mineral Resource

On 20 July 2018 the Company announced that its Caula Vanadium-Graphite project in Mozambique had taken another key step towards development, with the completion of the maiden JORC-compliant vanadium Mineral Resource estimate. The Mineral Resource, which is all in the Measured Category, is 22Mt at 0.37% vanadium pentoxide V_2O_5 for a total of 81,600 tonnes of contained vanadium pentoxide - in addition to the existing graphite Resource at Caula of 5Mt at 13% Total Graphitic Carbon (TGC).

Caula Project – Graphite Mineral Resources Increases by 317%

On 24 July 2018 the Company announced that its Caula Vanadium-Graphite project in Mozambique had taken another key step towards development with the completion of an upgraded JORC-Compliant Graphite Mineral Resources estimate. The Mineral Resource, which is all in the Measured category, is 21.9Mt at 13.4% Total Graphitic Carbon ("TGC") (8% cut-off) for a total of 2,933,100 tonnes of contained Graphite. The Mineral Resource is updated from the previous Inferred Graphite Resource of 5Mt at 13% TGC for 702,600 tonnes of contained Graphite based upon the completion of eleven additional cored boreholes during November and December 2017. The upgraded Mineral Resource represents a 317% increase in the size of the Mineral Resource from 702,600 tonnes of contained Graphite to 2,933,100 tonnes.

Corporate Update

Ruby Asset Merger with Fura Gems

As announced to the market on 17 July 2018, the Company entered into a merger agreement ("**Merger Agreement**") for its Montepuez ruby assets with TSX-V listed Fura Gems Inc. (TSXV:FURA) for A\$10 million in shares. Under the agreement the shares will be issued to the Company in three tranches over 20 months from the closing date of 30 November 2019, which will result in the Company having approximately an 8% stake in Fura, excluding percentage equity dilution from its capital raise on 17 July 2018.

Under the Merger Agreement, Fura will acquire controlling ownership in various entities owned by New Energy Minerals that hold rights to earn majority interests in 3 mineral concessions (being exploration license 5030L

and mining concessions 8955C and 8921C) in Mozambique as well as ownership of all existing site and ruby processing plant infrastructure.

The Consideration payable to New Energy Minerals through the Merger Agreement is outlined below:

- Common shares in the capital of Fura (the “Consideration Shares”) with a value equal to \$3,333,333 with such Consideration Shares to be issued at CAD \$0.50 on or before 30 November 2018
- Consideration Shares with a value equal to \$3,333,333 with such Consideration Shares to be issued at CAD \$1.40 on or before 30 November 2019
- Consideration Shares with a value equal to \$3,333,333 with such Consideration Shares to be issued at CAD \$1.80 on or before 30 July 2020.

Each tranche of shares issued and subject to escrow lock-up, whereby New Energy Shareholders will be unable to sell the shares for 12 months following their issue date. Under the terms of the Merger Agreement, Fura has also committed to investing \$25,000,000 into the Montepuez Ruby project over a 36-month period, for ruby licenses and further development, subject to continued exploration success.

Importantly, the merger with Fura allows New Energy Minerals to focus solely on its Caula Graphite-Vanadium Project, where it has recently generated a host of high-grade drilling results and exceptional graphite and vanadium metallurgical results.

The Company announced during the Quarter that the next 6 to 12 months would be a period of intensive activity for New Energy Minerals, with the Company focusing on delivering the following key outputs:

1. The Caula Scoping Study which was completed subsequent to the quarter end
2. Preliminary vanadium metallurgical work at Nagrom Laboratories in Perth.
3. ~4,000m of feasibility study drilling at Caula to deliver a further resource upgrade, as well as samples for further metallurgical testing in Perth and China.
4. The change of the Company's name and brand to “New Energy Minerals Ltd” (subject to shareholder approval) and associated change in Company logo and corporate colours.
5. The concurrent 1:10 consolidation of the Company's issued shares followed by an investor roadshow in the UK and Europe and attendance at the 121 Investor Conference in Hong Kong.
6. Engagement and negotiations with proposed strategic project partners and off-takers in Asia, Europe and North America.
7. Initiation of Pre-Feasibility studies for the Caula project.
8. Mining Concessions, permitting and approvals from the Government of Mozambique.
9. Phase 1 trial mining and pilot plant construction and commissioning at Caula targeted for H2-2019.

Company Changes Name to ‘New Energy Minerals Limited’

As announced during the Quarter, the Company stated its intention to change its name to ‘New Energy Minerals Limited’ to reflect its focus on vanadium and graphite exploration and mining, critical commodities for the rapidly growing New Energy Market. Outside the reporting period, the name change was subsequently approved by shareholders on 2 October 2018 and the Company now trades with the ASX ticker code ASX:NXE.

New Energy Minerals raises \$2.4 Million through Placement

In August 2018, it was announced that the Company has successfully completed a placement for A\$2.4M through a private share placement led by DJ Carmichael and Jett Capital. The shares were placed to high

net worth and sophisticated investors and some of the Company directors. The funds raised were to be used to further develop the Company's Caula Vanadium-Graphite project and for general working capital.

Notice of Meeting

On 31 August 2018 the Company issued a Notice of General Meeting, with the meeting held in Perth on 2 October 2018.

Share Consolidation / Split

On 25 September 2018, it was announced the Company's share consolidation was in progress with the restructured securities to commence trading on 15 October 2018. The number on shares on issue after consolidation was to be 114,907,509.

For and on behalf of the Company.



Dr. Bernard Olivier
Managing Director

FOR FURTHER INFORMATION, PLEASE CONTACT:

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COMPETENT PERSON STATEMENTS:

Information in this report that relates to the Caula Graphite & Vanadium Project's Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Johan Erasmus, a Competent Person who is a registered member of the South African Council for Natural Scientific Professions (SACNASP) which is a Recognised Professional Organisation (RPO) included in a list posted on the ASX website. Mr Erasmus is a consultant to Sumsare Consulting, Witbank, South Africa which was engaged to undertake this work. Mr Erasmus has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined by the 2012 Edition of the Australasian Code for Reporting of Exploration Results. Mr Erasmus consents to the inclusion of the data in the form and context in which it appears.

Information in this report that relates to the metallurgical aspects of the Caula Graphite & Vanadium Project is based on information compiled by Dr. Evan Kirby, a Competent Person who is a registered member of the South

African Institute for Mining and Metallurgy (SAIMM), which is a Recognised Professional Organisation (RPO) included in a list posted on the ASX website. Dr Kirby is a Non-Executive Director of the company. Dr Kirby has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined by the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Kirby consents to the inclusion of the data in the form and context in which it appears.

New Energy Minerals confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements referenced throughout this announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. New Energy Minerals confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

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: TENEMENT OVERVIEW 30 SEPTEMBER 2018

Tenement	Interest	Effective Net Interest/Right to Earn
Diamond Licence		
4525L Save River Diamond Project	51.8%	51.8%
Balama Graphite Project		
5873L – JV with license holder	75%	75%
7560L – JV with license holder	95%	95%
6363L – JV with license holder	90%	90%
9407C – JV with license holder (changed from 6678L as a result of an application for mine concession)	80%	80%
Ruby Licenses		
8245L/8955C Montepuez Ruby Project	65%	65%
4143L/8921C Montepuez Ruby Project	60%	60%
5030L Montepuez Ruby Project	52.5%	52.5%

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

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

Name of entity

NEW ENERGY MINERALS LTD

ABN

34 090 074 785

Quarter ended ("current quarter")

30 SEPTEMBER 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (.3.months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	386	386
1.2 Payments for		
(a) exploration & evaluation	(1,330)	(1,330)
(b) development	-	-
(c) production	-	-
(d) staff costs	(399)	(399)
(e) administration and corporate costs	(922)	(922)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	(176)	(176)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(2,439)	(2,439)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (.3.months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	21	21
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	8	8

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	2,074	2,074
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(115)	(115)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	1,959	1,959

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	833	833
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,439)	(2,439)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	8	8
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,959	1,959
4.5	Effect of movement in exchange rates on cash held	9	9
4.6	Cash and cash equivalents at end of period	370	370

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	320	783
5.2 Call deposits	50	50
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)	370	833

6. Payments to directors of the entity and their associates

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

Current quarter \$A'000
194
-

6.1 Payment of director fees

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

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

Current quarter \$A'000
-
-

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	21,000	3,895
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Unsecured convertible note deed dated 5 January 2018 with Arena Investors LP:

- A\$1.9 million (face value A\$2 million) was received upon signing of the Convertible Note Deed (with notes subject to conversion restrictions) with the convertible note to be issued (together with any shares issuable upon conversion) under the Company's existing placement capacity, Tranche 1;
- A\$1.995 million (face value A\$2.1 million), which has been approved by shareholders, for the follow- on tranche was received by the Company 29 May 2018, Tranche 2A;
- Tranche 2B was not received by the Company.

Each tranche has an 18-month term.

The convertible notes attract interest at 11% per annum accruing on monthly balances and are payable in cash or shares with tranche one interest payable in cash only. The notes are convertible at variable strike prices based on the lowest 1-day VWAP of the 20 trading days prior to conversion. Tranche 1 is subject to a floor price of 18 cents per share and tranche 2A 16cents. Upon conversion the Company may choose to either deliver shares or cash equal to the value of the shares.

The noteholder is also entitled to options, subject to shareholder approval, equal to 40% of the face value of the notes exercisable at a price equal to 130% of the 5 day VWAP prior to the date of issue of the respective notes, with a 3 year term.

On 15 August 2018 the Company announced an amendment deed with Arena. Under the amendment deed Arena provided the required approvals for the sale of the ruby assets and, importantly, agreed to waive the 15% termination fee on amounts not drawn under the Agreement. It is therefore now at the discretion of the Company to decide to which extent it wishes to draw on the finance, if at all.


9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	1,109
9.2 Development	-
9.3 Production	-
9.4 Staff costs	5
9.5 Administration and corporate costs	433
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	1,547

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

Compliance statement

- 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.

Sign here:



 (Company secretary)

Date: 31 October 2018.....

Print name: .Robert Marusco.....

Notes

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