

Strategic Investor, Equity Placement and Joint Venture Partner for Caula Project

7 November 2018

Highlights

- Agreement with a strategic investor group led by Mr. Louis Ching, a highly influential Hong Kong-based businessman with extensive business interests in China and South Korea
- \$1.5 million placement in NXE, in two tranches at 6.5 cents (A\$0.065) per fully paid ordinary share totalling approximately 23 million shares
- \$3.5 million project level investment and incorporated joint venture through subscription for new fully paid ordinary shares in Balama Resources Pty Ltd (presently a wholly owned subsidiary of NXE and which holds 80% of the Caula Vanadium-Graphite project) to acquire 50% of its post-issue shares
- Settlement of Tranche 1 of the placement by NXE consisting of 17.4 million shares (~\$1.1 million) on/before Tuesday 6 November 2018 under the Company's existing ASX Listing Rule 7.1 placing capacity

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New Energy Minerals Limited (“**NXE**”, the “**Company**”) (**ASX:NXE FRA:GGY**) is pleased to announce that it has entered into a binding agreement (“**Agreement**”), with a Hong Kong-based investor group, in relation to a strategic equity placement and asset level investment and incorporated joint venture in respect of the Caula Vanadium-Graphite project.

The detailed terms of the Agreement are set out in **Appendix 1** to this announcement. The Agreement was entered into with UBezTT International Investment Holdings (BVI) Ltd, the private investment vehicle of Mr. Louis Ching (the “**Investor**”). Mr.Ching has extensive experience in commodity trading and business development in the People’s Republic of China (“**PRC**”) as well as several other countries in both Asia and Africa. Mr. Ching is the largest shareholder, Chairman and Managing Director of PT International Development Corporation Ltd (“**PT International**”), a Hong Kong-listed company (00372:HK). PT International is a diversified investment holding company with interests in a registered Hong Kong-regulated

asset manager, oil port and storage facilities in the PRC, and is engaged in trading of commodities including copper cathodes and nickel briquettes and investment in other high growth investment projects. Mr. Ching is also a director and Deputy President of STX Corporation a South Korean-listed company (011810:KS) with principal activities engaging in the trading of non-ferrous metals including zinc, nickel and stainless steel, as well as the provision of shipping and logistics services on a global basis.

Dr. Bernard Olivier, Managing Director of New Energy Minerals commented: “This Agreement is an important step forward for NXE in fast-tracking the world-class Caula Vanadium-Graphite project towards development. Mr. Ching’s access to both debt and equity capital throughout Asia, coupled with his extensive experience in commodity trading, will significantly assist in financing the Caula Project, but also in securing offtake agreements in the short term once the project is in production. The Company welcomes Mr. Ching as a strategic investor in New Energy Minerals and looks forward to working with him to move the Caula project into early cashflow.”

Mr. Louis Ching director and controlling shareholder of UBezTT International Investment Holdings commented: “We are very excited to make this strategic investment in New Energy Minerals and the Caula Vanadium-Graphite project. We were attracted to this investment by what we believe is a unique opportunity to achieve near-term production of vanadium and graphite, as well as by the quality and experience of the NXE Board and Management team. We look forward to working closely with the Board to bring our extensive commodity trading experience and networks in Asia to this project.”

Appendix 1

Terms of the Strategic Investment and Joint Venture Agreement

Equity Placement by NXE

The placement totalling approximately A\$1,500,000 (“**NXE Placement Amount**”) of new fully paid ordinary shares in NXE, ranking *pari passu* with all existing fully paid ordinary shares of NXE (“**Shares**”), at A\$0.065 per Share (23,076,923 Shares) (the “**NXE Placement**”), will represent an aggregate of 15.4% of the enlarged share capital of NXE. The placement price (“**Placement Price**”) represents a 15% discount to the 3-day VWAP prior to the execution of the agreement.

The NXE Placement is to be undertaken in two tranches. The Company agrees to issue 17.4 million shares to the Investor on receipt of the subscription funds (“**Tranche 1**”), within its existing ASX Listing Rule 7.1 placing capacity. The remaining NXE Placement shares in excess of the ASX Listing Rule 7.1 placing capacity (“**Tranche 2**”), being approximately 5.67 million Shares that will be issued subject to shareholder approval to be sought at an Extraordinary General Meeting (the “**EGM**”) of the Company to be held as soon as practicable, probably by mid-December 2018.

Payment of Tranche 1 subscription funds by the Investor and the issue of all Tranche 2 Placement Shares by the Company shall be completed on or before 5pm WST Tuesday 6 November 2018, with Tranche 2 Placement Shares being issued within 3 business days after the date of EGM shareholder approval.

Attaching Options

The Investor (or its nominees) will be issued 1 free attaching unlisted option for every 1 Share issued to the Investor under the NXE Placement. Each option will have an exercise price of A\$0.14 with an expiry date 36 months from the date of issue (the “**NXE Attaching Options**”). The NXE Attaching Options are subject to shareholder approval being obtained at the EGM.

NXE Board Representation

The Investor shall be entitled to nominate two (2) directors to be appointed to the Board of Directors of NXE on or before completion of the NXE Placement, provided that there shall be no more than 7 NXE directors, including those appointed by the Investor.

Asset Level Investment and Joint Venture

Concurrently with the NXE Placement, Balama Resources Pty Ltd (a wholly owned subsidiary of NXE and referred to as “**Asset Holdco**”) has agreed to issue to the Investor (or its nominees) such number of shares representing 50.00% of the enlarged share capital of Asset Holdco in return for an additional investment of A\$3,500,000, which shall be subject to customary conditions precedent including but not limited to (a) legal and technical due diligence in respect of the Caula Project and Asset Holdco and (b) approval from

the ASX that the Asset Investment by way of incorporated joint venture in Asset Holdco does not constitute a Chapter 11 disposal by the Company under the ASX Listing Rules (the “**Asset Investment**”).

Following the investment, the shareholdings in Asset Holdco (Balama Resources Pty Ltd shall be as follows:

Shareholder	% interest in Asset Holdco
New Energy Minerals Limited	50%
UBezTT International Investment Holdings (BVI) Ltd (or nominee)	50%

Completion of the Asset Investment is expected to occur on or before 15 December 2018 (or such later date as the parties hereto may agree in writing), failing which the Asset Investment shall lapse.

The Investor (or its nominee) shall be entitled to nominate two (2) directors to the board of directors of Asset Holdco on or before completion of the Asset Investment, provided that (a) the Asset Holdco board of directors shall consist of no more than 4 directors, including the Investor-appointed directors.

Additional Conditions of the Asset Investment

As a condition of the Asset Investment, Asset Holdco agrees to extend the current management & technical services agreement with Regius Resources Group Ltd, a substantial shareholder of the Company (“**Regius**”) for a further 5 years on the same terms and conditions. Furthermore, as an integral condition of the transaction, Regius agrees to convert A\$700,000 of its outstanding invoices for the provision of management and technical services totalling A\$1million into equity in NXE at 7 cents (A\$0.07) per share for 10 million new fully paid ordinary shares bringing its total shareholding in NXE to 12% (the “**Regius Equity Conversion**”), concurrently with Tranche 2 of the NXE Placement, and agrees to seek shareholder approval at the EGM to issue these shares as a related party transaction.

Use of Proceeds

Funds raised by NXE pursuant to the strategic investment by the Investor under the NXE Placement, attaching options and the Asset Investment (where applicable), will be utilised for Caula assays, metallurgical testing, pre-feasibility study, preparation work for Caula Phase 1 production and for general working capital purposes only.

Right of First Refusal on Further Funding

Subject to the receipt of an appropriate waiver from ASX under Listing Rule 6.18, during the operation of the Agreement and as long as the Investor (or its nominees) remain as holders of the Shares or the NXE Attaching Options or otherwise hold interests in Asset Holdco, should NXE or the Asset Holdco at any time propose to issue any additional shares or seek debt financing (“**Additional Offerings**”), the Investor (or its nominees) shall have a right of first refusal (not an obligation) to subscribe for such additional number of Shares (or securities) on the same terms and price as such Additional Offerings, in order to maintain the

Investor's (whether by itself or together with its nominees) then existing percentage shareholding immediately prior to such Additional Offerings.

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