



ABN 34 090 074 785

Interim Financial Report for the Half-Year Ended
31 December 2020

NEW ENERGY MINERALS LTD

Half-year financial report for the six months ended 31 December 2020

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CORPORATE DIRECTORY

OFFICERS

Ian Daymond (Interim Executive Chairman)
Christiaan Jordaan (Non-Executive Director)
Evan Kirby (Non-Executive Director)
Bernard Olivier (Non-Executive Director)

Robert Marusco (Company Secretary)

REGISTERED OFFICE

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SOLICITORS

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Level 4, 16 Milligan Street
Perth WA 6000

AUDITORS

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SHARE REGISTRY

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ASX CODE

NXE

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Directors' report

Your Directors submit this report for the half-year ended 31 December 2020.

This half-year report covers the consolidated entity consisting of New Energy Minerals Ltd (the "Company" or "New Energy") and the entities it controlled during the half-year ended 31 December 2020 ("Consolidated Entity" or "Group"). The Group's presentation currency is Australian Dollars.

Directors

The names of the Directors of New Energy Minerals Ltd in office from the beginning of the half-year until the date of this report, are:

Ian Daymond (Interim Executive Director, Chairman)

Christiaan Jordaan (Non-Executive Director) – stepped down as Managing Director 2 March 2021

Evan Kirby (Non-Executive Director) - appointed 17 November 2020

Bernard Olivier (Non-Executive Director) - appointed 17 November 2020

Paul Ching (Non-Executive Director) – resigned 17 November 2020

Jackie Lee (Non-Executive Director) – resigned 17 November 2020

Review of Operations

Operating results

The net profit for the Consolidated Entity for the half-year was \$625,476 (2019: net loss of \$8,188,423).

Operational overview

During the financial year under review the Company's primary focus was on the settlement of the sale of the remaining 50% of Balama Resources Pty Ltd ("Balama"), the entity which held the Company's interest in the Caula graphite to Auspicious Investment Holding Limited ("**Auspicious**") ("**Balama Transaction**"). On 17 July 2020, the Company announced the closing of the Balama transaction.

The Company notes 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 previously approved by shareholders at the general shareholder meeting on 13 May 2020.

Balama Transaction

On 8 February 2019 New Energy entered into a binding Share Sale and Purchase Agreement ("**SSPA**"), with Auspicious Virtue Investment Holding Limited, for the sale by New Energy of all its remaining shares (the "**Shares**") in Balama Resources Pty Limited ("**Balama**"), for a total cash consideration of \$7,000,000 ("**Purchase Price**"). On completion of the SSPA ("**Completion**"), Auspicious Virtue Investment Holding Limited, an investment vehicle of Mr. Louis Ching ("**Auspicious**"), being a company incorporated in the British Virgin Islands, would become the sole shareholder of Balama, holding 100% of the shares on issue, an increase from its 50% holding of the issued capital in Balama.

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

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Under the Variation Deed, the Parties agreed to amend the Purchase Price to \$3,500,000 (from \$7,000,000), for the sale by New Energy of its 50% shareholding in Balama. Furthermore, Auspicious agreed to provide New Energy with an additional \$1,000,000 pre-completion loan (“**Additional Loan**”) on or before 5 February 2020 (which was completed), which was in addition to the \$600,000 loan provided in September 2019 (“**Loan**”). On closing of the SSPA, both the loan and the additional loan, plus interest, were agreed to be deducted from the Purchase Price. The Company was required to obtain a new, updated Independent Expert Report and seek new shareholder approval at an Extraordinary General Meeting for the disposal of the Company’s main undertaking, which was approved by shareholders on 13 May 2020.

Variation of Balama Share Sale Agreement

On 14 July 2020 New Energy announced the execution of a third deed of variation of the SSP dated 8 February 2019, as varied on 26 September 2019 and 28 January 2020, with Auspicious.

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 \$100,000 as security for the safe return of the drill core samples removed from the Caula project site by the former project manager.

Furthermore, the Company agreed to indemnify Auspicious from any liability incurred by Balama or its subsidiaries as a result of the loss or damage of, and failure to recover the drill core samples capped in the amount of \$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.

Corporate

Incentive Scheme – Performance Rights to Directors

At the Company’s AGM on 28 November 2018 shareholders approved the issue of 16,500,000 incentive Performance Rights to the trustee of the Mustang Long Term Incentive Plan for the benefit of Directors and 2,000,000 incentive Performance Rights for the benefit of advisors, with the following vesting conditions:

- (A) 1,500,000 Performance Rights vesting upon the Company receiving written confirmation of the pilot plant funding structure in relation to the Caula Project (**Class A Performance Rights**);
- (B) 6,000,000 Performance Rights vesting upon completion of the commissioning handover by the plant installers at the Company’s Caula Project to the Company (**Class B Performance Rights**);
- (C) 2,000,000 Performance Rights vesting upon completion and announcement of a JORC-compliant resource upgrade to 50mt graphite & vanadium at the Company’s Caula Project (**Class C Performance Rights**);
- (D) 2,000,000 Performance Rights vesting upon completion to pre-feasibility standards of an initial study to demonstrate profitable production at the Company’s Caula Project (**Class D Performance Rights**);
- (E) 2,000,000 Performance Rights vesting upon the conversion of the exploration license held by the Company (being exploration license 6678L) to a mining license (**Class E Performance Rights**); and
- (F) 5,000,000 Performance Rights vesting upon of the Company generating gross revenue of \$2,000,000 or more (**Class F Performance Rights**).

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As outlined above, the Company has on issue various Performance Rights under its Long-Term Incentive Plan that have performance hurdles that related to the performance and development of the Caula Project which was disposed of by the Company.

The terms of the Company's Long Term Incentive Plan provide that upon the occurrence of transactions such as a change of control or similar, the Board may determine that the Performance Rights issued under the Long Term Incentive Plan should vest.

The Company obtained shareholder approval on 14 May 2019 to authorise the Directors to deal with the Performance Rights on issue under the Long Term Incentive Plan and to determine that the vesting hurdles be waived to enable those Performance Rights to be converted into Shares following the completion of the Disposal.

On 11 September 2020 the Company issued 13,110,811 in satisfaction of conversion of 13,110,811 Performance Rights as approved by shareholders 14 May 2019. Of these Performance Rights conversion the following ordinary shares were issued to Key Management Personal being, 3,389,189 ordinary shares issued to managing director Christiaan Jordaan, 1,783,784 ordinary shares issued to non-executive chairman Ian Daymond and 1,783,784 ordinary shares issued to company secretary Robert Marusco. A remaining total of 3,389,189 Performance Rights are held Mustang Long Term Incentive Plan as at the date of the report.

Expiry of Listed Options

On 26 November 2020 17,103,348 listed options (NXEOB) expired.

Expiry of Unlisted Options

As at the date of this report the following Unlisted Options have expired:

- (i) 218,182 Unlisted Options exercisable at \$0.715 on or before 20 July 2020
- (ii) 1,333,333 Unlisted Options exercisable at \$1.17 on or before 20 July 2020
- (iii) 1,276,596 Unlisted Options exercisable at \$1.222 on or before 20 July 2020
- (iv) 333,333 Unlisted Options exercisable at \$1.17 on or before 15 Sept 2020
- (v) 180,000 Unlisted Options exercisable at \$1.30 on or before 16 Oct 2020
- (vi) 750,000 Unlisted Options exercisable at \$0.307 on or before 15 Jan 2021

Arena Convertible Note Facility

On 8 January 2018 the Group announced that it had secured a funding package from Arena Structured Private Investments (Cayman) LLC ("**Arena**"), a major US institutional investor, for a face value of \$21,000,000 in the form of a convertible note facility. The issued Convertible Notes attracted interest at 11% per annum. The funds were to be drawn down in seven Tranches with Tranche 2 subsequently split into Tranche 2A and 2B on 22 May 2018. Arena paid Tranche 2A on 29 May 2018 but failed to pay Tranche 2B which was expected to be received in late June 2018.

Settlement of dispute with Arena Investors

On 12 February 2021 New Energy announced that it had reached a settlement with Arena. The settlement of all claims between New Energy and Arena has been reached without admissions as to liability. Pursuant to the Settlement Deed ("Deed") executed on 10 February 2021 the terms of the settlement are summarised as follows:

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- New Energy will pay Arena the sum of \$500,000 within 14 days of its re-listing on ASX;
- New Energy issues to Arena the First Equity Tranche, which is the number of shares calculated by dividing the sum of \$750,000 by the New Energy re-listing share price offered under a future capital raising;
- New Energy issues to Arena the Second Equity Tranche, which is the number of shares calculated by dividing the sum of \$600,000 by the VWAP in the 5 Trading Days prior to the date that is 12 calendar months from the date of the re-listing.

The Settlement Deed is subject to New Energy obtaining all necessary approvals from shareholders and ASX for the re-listing and shareholder approvals for the First Equity Tranche and Second Equity Tranche.

Lock-up provisions will apply to the First Equity Tranche, so that Arena cannot sell more than:

- 25% of the shares in the first 3 months;
- 50% in the first 6 months; and
- 75% in the first 9 months,

or such other escrow period as may be determined by ASX as a condition of re-listing.

Background to the dispute with Arena

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

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

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

During November 2018 the Company announced that it lodged an application pursuant to Section 459G of the Corporations Act, to set aside the statutory demand by Arena, arising from debts allegedly owed by the Company under the terms of the Unsecured Convertible Note Deed between the Company and Arena. New Energy Minerals, in consultation with its legal counsel, lodged the application to the Supreme Court of Western Australia on 19 November 2018 to have the statutory demand set aside.

On 14 December 2018 New Energy Minerals announced that the Company's application to have the statutory demand set aside would not be heard until 21 March 2019. Prior to this, both parties agreed to mediation of their disputes on 31 January 2019. A mediation between the Company and Arena was

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held on 18 January 2019 and did not result in any form of settlement between the parties. As the parties did not settle their disputes through mediation, the Company's application in the Supreme Court of Western Australia proceeded and the matter was heard by the Master of the Supreme Court of Western Australia on 27 March 2019.

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

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

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

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

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

On 27 February 2020 the Company advised that directions had been made in the Supreme Court of Western Australia regarding New Energy's dispute with Arena. Arena was required to provide security in respect of New Energy's costs up to and including the close of pleadings, discovery and mediation in the amount of \$25,000 to be paid to Arena's solicitors' trust account by 28 February 2020.

Subject to Arena's compliance with the security for costs order, New Energy was obliged to file and serve its defence by 27 March 2020 and continues to take legal advice in relation to this matter.

Dispute with Regius

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

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

- The parties release one another and their respective officers and agents from all claims

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whatsoever;

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

On 2 July 2020 the Company announced that, through its lawyers, it has exchanged correspondence with the former manager of the project, Regius, regarding the return, prior to closing, of the Caula project site and drill core samples, which drill core samples Regius has removed from site without approval, consent or instructions from New Energy or any of its subsidiaries. The Company is liaising with and supporting Auspicious in respect of these issues following the closing of the Balama sale.

Suspension by ASX

On 13 October 2020 the Company requested a trading halt on the ASX pending an announcement in relation to a project acquisition by the Company. Following the trading halt, the Company was placed into suspension by the ASX on 15 October 2020.

ASX subsequently confirmed to the Company that any material project acquisition will constitute a change in the nature and scale of the Company's operations for the purposes of ASX Listing Rule 11.1. Any such acquisition will also require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

ASX have also advised that the Company's securities will remain suspended until such time as it re-complies with Chapters 1 and 2 of the ASX Listing Rules and has a level of operations sufficient to warrant continued quotation of the Company's securities.

To this end, the Board of New Energy negotiated the terms of a new project acquisition and working through the various ASX requirements with respect to a re-compliance transaction. Further details with respect to the proposed acquisition will be announced as soon as is permitted by ASX, in accordance with the Company's continuous disclosure obligations. An announcement covering these matters was made on 13 November 2020.

Significant Subsequent Events after Balance Date

On 12 February 2021 New Energy announced that it had reached a settlement with Arena. The settlement of all claims between New Energy and Arena has been reached without admissions as to liability. Pursuant to the Settlement Deed ("Deed") executed on 10 February 2021 the terms of the settlement are summarised as follows:

- New Energy will pay Arena the sum of \$500,000 within 14 days of its re-listing on ASX;
- New Energy issues to Arena the First Equity Tranche, which is the number of shares calculated by dividing the sum of \$750,000 by the New Energy re-listing share price offered under a future capital raising;

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- New Energy issues to Arena the Second Equity Tranche, which is the number of shares calculated by dividing the sum of \$600,000 by the VWAP in the 5 Trading Days prior to the date that is 12 calendar months from the date of the re-listing.

The Settlement Deed is subject to New Energy obtaining all necessary approvals from shareholders and ASX for the re-listing and shareholder approvals for the First Equity Tranche and Second Equity Tranche.

On 2 March 2021 the Company announced that Christiaan Jordaan had stepped down as managing director and moved into a short term non-executive director role and that concurrent with this Ian Daymond became the interim executive chairman until a new managing director is appointed.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under S307C and the Corporations Act 2001 is set out on page 10.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors



Ian Daymond
Executive Chairman

8 March 2021

Forward-looking statements

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

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of New Energy Minerals Ltd for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
8 March 2021



N G Neill
Partner

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HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

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Condensed consolidated statement of profit or loss and other comprehensive income

For the six months ended 31 December 2020

	Note	31 Dec 2020 \$	31 Dec 2019 \$
Continuing operations			
Other income	3a	1,367,249	10,177
Administration costs	3b	(416,546)	(2,444,612)
Finance costs	7	(21,164)	(303,227)
Foreign exchange loss		(1,334)	(550)
Profit/(loss) from continuing operations before income tax expense		928,205	(2,738,212)
Income tax expense		-	-
Profit/(loss) from continuing operations		928,205	(2,738,212)
Loss from discontinued operations	4	(302,729)	(5,450,211)
Net profit/(loss) for the period		625,476	(8,188,423)
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss:			
Foreign currency translation reserve		1,597,851	(73,477)
Total comprehensive profit/(loss) for the period		2,223,327	(8,261,900)
Profit/(loss) for the period attributable to:			
Non-controlling interest		297,902	(52,147)
Owners of the parent		327,574	(8,136,276)
		625,476	(8,188,423)
Total comprehensive profit/(loss) for the period is attributable to:			
Non-controlling interest		297,902	(52,147)
Owners of the parent		1,925,425	(8,209,753)
		2,223,327	(8,261,900)

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Condensed consolidated statement of profit or loss and other comprehensive income (continued)

For the six months ended 31 December 2020

	31 Dec 2020	31 Dec 2019
	\$	\$
Earnings/(loss) per share		
Continuing operations		
Basic earnings/(loss) per share (cents per share)	0.52	(1.78)
Diluted earnings/(loss) per share (cents per share)	0.52	(1.78)
Discontinued operations		
Basic loss per share (cents per share)	(0.17)	(3.54)
Diluted loss per share (cents per share)	(0.17)	(3.54)
Total		
Basic earnings/(loss) per share (cents per share)	0.35	(5.32)
Diluted earnings/(loss) per share (cents per share)	0.35	(5.32)

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

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Condensed consolidated statement of financial position

As at 31 December 2020

	Notes	31 Dec 2020 \$	30 June 2020 \$
Current assets			
Cash & cash equivalents		461,719	399,678
Trade & other receivables		53,545	82,748
Assets held for sale	4	-	7,016,047
Prepayments		1,320	15,125
Other assets		115,759	-
Total current assets		632,343	7,513,598
Total assets		632,343	7,513,598
Current liabilities			
Trade and other payables		73,674	801,031
Liabilities associated with assets held for sale	4	-	2,873,437
Interest bearing loans and borrowings	7	1,850,000	2,500,000
Provisions	8	19,219	17,981
Total current liabilities		1,942,893	6,192,449
Total liabilities		1,942,893	6,192,449
Net (liabilities)/assets		(1,310,550)	1,321,149
Equity			
Contributed equity	6	177,973,762	177,308,204
Reserves	10	3,376,744	21,154,226
Accumulated losses		(182,790,582)	(199,193,763)
Parent entity interests		(1,440,076)	(731,333)
Non-controlling interests		129,526	2,052,482
Total (deficiency)/equity		(1,310,550)	1,321,149

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

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Condensed consolidated statement of changes in equity

for the half-year ended 31 December 2020

	Contributed Equity	Accumulated Losses	Option Reserve	Performance Rights Reserve	Foreign Currency Translation Reserve	Minority Contribution Reserve	Owners of The Parent	Non Controlling Interest	Total Equity
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	176,950,863	(193,232,391)	10,480,392	10,061,782	3,740,812	1,774,121	9,775,579	2,248,314	12,023,893
Loss for the period	-	(8,136,276)	-	-	-	-	(8,136,276)	(52,147)	(8,188,423)
Other comprehensive income/(loss)	-	-	-	-	(73,477)	-	(73,477)	-	(73,477)
Total comprehensive loss for the half-year	-	(8,136,276)	-	-	(73,477)	-	(8,209,753)	(52,147)	(8,261,900)
Transactions with owners in their capacity as owners									
Shares issued	213,341	-	-	-	-	-	213,341	-	213,341
Expiry of options	-	121,711	(121,711)	-	-	-	-	-	-
Options granted	-	-	9,776	-	-	-	9,776	-	9,776
Cancellation of performance rights	-	2,800,000	-	(2,800,000)	-	-	-	-	-
Conversion of performance rights	102,000	-	-	(102,000)	-	-	-	-	-
Balance at 31 December 2019	177,266,204	(198,446,956)	10,368,457	7,159,782	3,667,335	1,774,121	1,788,943	2,196,167	3,985,110
Balance at 1 July 2020	177,308,204	(199,193,763)	8,964,261	7,159,782	3,256,062	1,774,121	(731,333)	2,052,482	1,321,149
Profit for the period	-	327,574	-	-	-	-	327,574	297,902	625,476
Other comprehensive income/(loss)	-	-	-	-	1,597,851	-	1,597,851	-	1,597,851
Total comprehensive profit for the half-year	-	327,574	-	-	1,597,851	-	1,925,425	297,902	2,223,327
Transactions with owners in their capacity as owners									
Share issue costs	(3,094)	-	-	-	-	-	(3,094)	-	(3,094)
Conversion of performance rights	668,652	-	-	(668,652)	-	-	-	-	-
Cancellation of performance rights	-	6,318,281	-	(6,318,281)	-	-	-	-	-
Expiry of options	-	7,937,284	(7,937,284)	-	-	-	-	-	-
Discontinued operations	-	1,820,042	-	-	(2,676,995)	(1,774,121)	(2,631,074)	(2,220,858)	(4,851,932)
Balance at 31 December 2020	177,973,762	(182,790,582)	1,026,977	172,849	2,176,918	-	(1,440,076)	129,526	(1,310,550)

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

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Condensed consolidated statement of cash flows

For the half-year ended 31 December 2020

	31 Dec 2020	31 Dec 2019
	\$	\$
Cash flows from operating activities		
Payment to suppliers and employees	(425,242)	(659,238)
Government grants & tax incentives received	40,711	-
Interest received	2,125	10,177
Interest paid	(21,164)	(29,846)
Net cash (outflow) from operating activities	(403,570)	(678,907)
Cash flows from investing activities		
Payment for exploration and evaluation	-	(281,338)
Payment for other assets	(115,759)	-
Cash used from held for sale assets	-	229,763
Net proceeds from sale of assets	577,458	-
Net cash inflow/(outflow) from investing activities	461,699	(51,575)
Cash flows from financing activities		
Refund of shares not issued	-	(2,614)
Proceeds from borrowings	-	600,000
Share issue costs	(3,094)	-
Net cash inflow/(outflow) from financing activities	(3,094)	597,386
Net increase/(decrease) in cash held	55,035	(133,096)
Cash and cash equivalents at 1 July	399,678	288,862
Effect of exchange rate changes on cash	7,006	(9,811)
Cash and cash equivalents at 31 December	461,719	145,955

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

Notes to the condensed consolidated financial statements

1. Basis of preparation and accounting policies

Basis of preparation

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

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

The interim financial statements do not include full disclosures of the type normally included in the full financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as the full financial report. It is recommended these interim financial statements be read in conjunction with the full financial report for the year ended 30 June 2020 and any public announcements made by New Energy Limited and its subsidiaries during the half year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

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

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

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

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

Statement of compliance

The financial report was authorised for issue on 8 March 2021.

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

NEW ENERGY MINERALS LTD

Half-year financial report for the six months ended 31 December 2020

Notes to the condensed consolidated financial statements

1. Basis of preparation and accounting policies (continued)

Adoption of new and revised standards

Standards and interpretations applicable to 31 December 2020

During the period ended 31 December 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current reporting periods beginning on or after 1 July 2020. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations of the Company and, therefore, no material change is necessary to Company accounting policies.

Standards and interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the half-year ended 31 December 2020 that are relevant to the Group and effective for the half year reporting periods beginning on or after 1 January 2021.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretation in issue not yet adopted on the Group and therefore no material change is necessary to accounting policies.

Convertible Notes

Convertible notes on issue during the period are considered to be potential ordinary shares and have not been included in the determination of diluted earnings/(loss) per share from their date of issue, as it is an immaterial difference and they do not show an inferior position. Details relating to the notes are set out in note 7.

Going Concern

This half-year financial report has been prepared and presented on a basis assuming it continues as a going concern. The going concern basis of preparation contemplates the continuity of normal business activities, including the realisation of assets and settlement of liabilities in the normal course of business.

The Group incurred a net profit for the half-year of \$625,476 (2019: loss \$8,188,423). At 31 December 2020 the Group had cash at bank totaling \$461,719 (June 2020: \$399,678) and a working capital deficit of \$1,310,550 (June 2020 surplus: \$1,321,149). Concurrently with this, the Company is seeking out potential new opportunities or projects, and is currently suspended from trading on the ASX.

Based on the Group's cash flow forecast the Group will require additional funding in the next 12 months to enable the Group to continue its normal business activities and to ensure the realisation of assets and extinguishment of liabilities as and when they fall due and meeting its annual commitments and corporate costs.

Notes to the condensed consolidated financial statements

1. Basis of preparation and accounting policies (continued)

The Directors believe that the Group will be able meet all committed expenditure however the continuing viability of the Group and its ability to continue as a going concern and meet its debts and commitments as and when they fall due is dependent upon:

- the Company successfully reaching a settlement with Arena, which it has now done,
- the Group's operating cash requirements not exceeding its historical levels,
- the Directors being successful in obtaining future funding to meet the Group's objectives and payment obligations as and when they fall due by engaging with parties in raising additional capital or issuing debt in which the Group has demonstrated a history of success in this regard.

While the Directors will be expending their best efforts to raise capital, the raising of additional capital cannot be assured.

As a result of the above matters, there exists a material uncertainty that may cast doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The Directors are of the opinion that, the Group is a going concern and, as a result, the financial report for the half year ended 31 December 2020 does not include any adjustments relating to the recoverability and classification of the recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

2. Operating segments

No information is disclosed for operating segments because when management accounts are reviewed by the board of directors only consolidated numbers together with revenue and capital expenditure by project are included.

NEW ENERGY MINERALS LTD

Half-year financial report for the six months ended 31 December 2020

Notes to the condensed consolidated financial statements

3. Loss for the half-year

Profit/(loss) for the half-year includes the following items:

Continuing Operations

	Half year to 31 Dec 2020	Half year to 31 Dec 2019
	\$	\$
a. Other income		
Convertible note settlement	650,000	-
Reversal of prior periods convertible note interest	609,381	-
Reversal of liability	72,435	-
Other	2,124	10,177
Cashflow boost	33,309	-
	<u>1,367,249</u>	<u>10,177</u>
b. Administration costs		
Office, meeting & travel costs	(33,026)	(85,652)
Professional fees	(51,582)	(301,150)
Employee costs & consulting fees	(265,433)	(1,440,311)
Insurance	(31,517)	(39,846)
Share based payments	-	(9,776)
Other	(34,988)	(567,877)
	<u>(416,546)</u>	<u>(2,444,612)</u>

4. Assets and liabilities held for sale

The major classes of assets and liabilities comprising the operations classified as held for sale at balance date, being the Montepuez ruby operation and the investment in Balama Resources Pty Limited, are as follows:

	31 Dec 2020	30 Jun 2020
	\$	\$
Asset classified as held for sale		
Opening balance	7,016,047	14,013,890
Exploration and evaluation expenditure asset	-	41,0233
Proceeds received on disposal	(577,476)	(1,400,000)
Cash and cash equivalents	-	(272,278)
Trade and other receivables	-	(301,075)
Movement in carrying value as a result of a foreign currency variations	-	(246,218)
Disposal of held for sale asset	(2,930,548)	-
Minority interest disposed	(3,508,023)	-
Impairment of assets classified as held for sale	-	(5,188,505)
Assets held for sale	<u>-</u>	<u>7,016,047</u>
Liabilities associated with assets classified as held for sale		
Opening balance	2,873,437	99,047
Trade and other payables	(1,161,656)	1,071,552
Interest bearing loans and borrowings	(1,711,781)	1,702,838
Liabilities associated with assets held for sale	<u>-</u>	<u>2,873,437</u>

NEW ENERGY MINERALS LTD

Half-year financial report for the six months ended 31 December 2020

Notes to the condensed consolidated financial statements

4. Assets and liabilities held for sale (continued)

Balama Resources Pty Limited

Balama is the subsidiary company through which New Energy previously its interest in the Caula graphite and vanadium project. This transaction was completed on 17 July 2020 and as such New Energy has no further interest in the Caula project, which was the Company's main undertaking.

Discontinued Operations

	Half year to 31 Dec 2020	Half year to 31 Dec 2019
	\$	\$
Administration costs	(302,729)	(52,984)
Foreign exchange loss	-	(9,261)
Impairment of assets held for sale	-	(5,387,966)
Loss from discontinued operations before tax	(302,729)	(5,450,211)
Income tax (expense)/benefit	-	-
Loss from discontinued operations attributable to the owners	(302,729)	(2,725,106)
Loss from discontinued operations attributable to NCI	-	(2,725,105)

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

	31 Dec 2020	31 Dec 2019
	\$	\$
Operating activities	(59,311)	(52,984)
Investing activities	577,458	(408,329)
Financing activities	-	-
Cash flows from discontinued operations	518,147	(461,313)

5. Contingent assets & liabilities

Under a settlement agreement dated 14 February 2020 between the Company and Regius Resources Group Ltd and related parties and following the completion of the Fura and Balama transactions, the payment of a further amount to Regius was provided for of up to an amount of \$600,000 inclusive of consideration for a 100% reduction in the shareholding and securities of Regius in New Energy by way of a selective buyback to be approved by NXE shareholders in accordance with Section 257D of the Corporations Act may arise. The settlement agreement with Regius is contingent upon the full and final settlement of the Arena Dispute.

The payment of the potential Regius Settlement Sum is deemed to be inclusive of consideration for a 100% reduction in the shareholding of Regius in New Energy and all options and other securities.

There are no other contingent liabilities.

NEW ENERGY MINERALS LTD

Half-year financial report for the six months ended 31 December 2020

Notes to the condensed consolidated financial statements

6. Contributed equity

Reconciliation of movement in share capital	Half year to 31 Dec 2020		Year to 30 June 2020	
	\$	No.	\$	No.
On issue at 1 July – fully paid	177,308,204	171,360,810	176,950,863	150,895,442
Conversion of convertible notes	-	-	42,000	4,666,667
Equity issued in lieu of payment	-	-	215,955	13,798,701
Conversion of performance rights (i)	668,652	13,110,811	102,000	2,000,000
Less: transaction costs	(3,094)	-	(2,614)	-
On issue at period end – fully paid	177,973,762	184,471,621	177,308,204	171,360,810

The Company issued the following securities during the period under review:

- (i) On 11 September 2020 the Company issued 13,110,811 shares to the following Performance Rights holders as full conversion of the following Performance Rights:

Performance Rights	Number
Class A	1,191,892
Class B	4,767,568
Class C	1,589,189
Class D	1,589,189
Class E	3,972,973
Total	<u>13,110,811</u>

As at 31 December 2020 the following performance rights were on issue:

Performance Rights	Number
Class A	308,108
Class B	1,232,432
Class C	410,811
Class D	410,811
Class F	1,027,027
Total	<u>3,389,189</u>

NEW ENERGY MINERALS LTD

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Notes to the condensed consolidated financial statements

7. Interest bearing loans and borrowings

	31 Dec 2020 \$	30 Jun 2020 \$
Convertible Notes	1,850,000	2,500,000
Closing balance	1,850,000	2,500,000

Convertible Notes	Half year to 31 Dec 2020 \$	Year to 30 Jun 2020 \$
Opening balance	2,500,000	2,906,000
Repayment of convertible notes	-	(364,000)
Reduction of liability due to settlement of agreement	(650,000)	-
Conversion to shares	-	(42,000)
Closing balance	1,850,000	2,500,000

Previously on 8 January 2018 the Group announced that it had secured a funding package from Arena Structured Private Investments (Cayman) LLC ("**Arena**"), a major US institutional investor, for face value of \$21 million in the form of a convertible note facility. The issued Convertible Notes attracted interest at 11% per annum. The funds were to be drawn down in seven Tranches with Tranche 2 subsequently split into Tranche 2A and 2B on 22 May 2018 following a refusal by Arena to fund the full Tranche 2 in accordance with the Convertible Note Deed terms. Following the amended split Arena paid Tranche 2A net \$1,995,000 on 29 May 2018 but has failed to pay Tranche 2B which was expected by the Company to be received in late June 2018.

On 12 February 2021 New Energy announced that it reached a settlement with Arena. The settlement of all claims between New Energy and Arena has been reached without admissions as to liability. Pursuant to the Settlement Deed ("Deed") executed on 10 February 2021 the terms of the settlement are summarised as follows:

- New Energy will pay Arena the sum of \$500,000 within 14 days of its re-listing on ASX;
- New Energy issues to Arena the First Equity Tranche, which is the number of shares calculated by dividing the sum of \$750,000 by the New Energy re-listing share price offered under a future capital raising;
- New Energy issues to Arena the Second Equity Tranche, which is the number of shares calculated by dividing the sum of \$600,000 by the VWAP in the 5 Trading Days prior to the date that is 12 calendar months from the date of the re-listing.

The Settlement Deed is subject to New Energy obtaining all necessary approvals from shareholders and ASX for the re-listing and shareholder approvals for the First Equity Tranche and Second Equity Tranche.

NEW ENERGY MINERALS LTD

Half-year financial report for the six months ended 31 December 2020

Notes to the condensed consolidated financial statements

7. Interest bearing loans and borrowings (continued)

Lock-up provisions will apply to the First Equity Tranche, so that Arena cannot sell more than:

- 25% of the shares in the first 3 months;
- 50% in the first 6 months; and
- 75% in the first 9 months,

or such other escrow period as may be determined by ASX as a condition of re-listing.

	Half year to 31 Dec 2020 \$	Half year to 31 Dec 2019 \$
Finance costs		
Interest expense	10,354	20,082
Convertible note interest	-	163,190
Costs of convertible note	10,810	-
Shares issued	-	119,955
	<u>21,164</u>	<u>303,227</u>

8. Provisions

	31 Dec 2020 \$	30 Jun 2020 \$
Annual leave	19,219	17,981
	<u>19,219</u>	<u>17,981</u>
<i>Annual Leave</i>		
Carrying amount at beginning of period	17,981	-
Annual leave expense	1,238	17,981
Carrying amount at end of period	<u>19,219</u>	<u>17,981</u>

9. Dividends

No dividend has been paid or is proposed in respect of the half-year ended 31 December 2020 (2019: Nil).

NEW ENERGY MINERALS LTD

Half-year financial report for the six months ended 31 December 2020

Notes to the condensed consolidated financial statements

10. Reserves

	31 Dec 2020 \$	30 Jun 2020 \$
Option reserve	1,026,977	8,964,261
Foreign currency translation reserve	2,176,918	3,256,062
Performance rights reserve	172,849	7,159,782
Minority contribution reserve	-	1,774,121
Total reserves	3,376,744	21,154,226

(a) Option reserve

(i) Nature and purpose of reserve

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

(ii) Movements in reserve

	Half year to 31 Dec 2020 \$	Year to 30 Jun 2020 \$
Balance at the beginning of the period	8,964,261	10,480,392
Expiry of options	(7,937,284)	(1,535,683)
Issue of options	-	19,552
Balance at end of the period	1,026,977	8,964,261

(b) Foreign currency translation reserve

(i) Nature and purpose of reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

(ii) Movements in reserve

	Half year to 31 Dec 2020 \$	Year to 30 Jun 2020 \$
Balance at the beginning of the period	3,256,062	3,740,812
Discontinued operations	(2,676,995)	-
Currency translation differences	1,597,851	(484,750)
Balance at end of the period	2,176,918	3,256,062

NEW ENERGY MINERALS LTD

Half-year financial report for the six months ended 31 December 2020

Notes to the condensed consolidated financial statements

10. Reserves (continued)

(c) Performance rights reserve

(i) Nature and purpose of reserve

The performance rights reserve is used to record the value of the performance rights issued, which are being brought to account over their vesting period. These performance rights have the ability to convert to ordinary shares upon the non-market vesting conditions being met and in accordance with the accounting standards the entire instrument has been classified as equity.

(ii) Movements in reserve

	Half year to 31 Dec 2020 \$	Year to 30 Jun 2020 \$
Balance at the beginning of the period	7,159,782	10,061,782
Cancellation of performance rights	(6,318,281)	(2,800,000)
Conversion to fully paid ordinary shares	(668,652)	(102,000)
Balance at end of the period	172,849	7,159,782

(d) Minority contribution reserve

(i) Nature and purpose of reserve

The minority contribution reserve is used to record the difference between the non-controlling interest's share of the net assets and the equity committed by the non-controlling interest.

(ii) Movements in reserve

	Half year to 31 Dec 2020 \$	Year to 30 Jun 2020 \$
Balance at the beginning of the period	1,774,121	1,774,121
Discontinued operations	(1,774,121)	-
Balance at end of the period	-	1,774,121

11. Financial instruments

The Directors consider that the carrying amounts of current receivables, current payables and current borrowings are considered to be a reasonable approximation of their fair values.

Notes to the condensed consolidated financial statements

12. Subsequent Events

On 12 February 2021 New Energy announced that it had reach a settlement with Arena. The settlement of all claims between New Energy and Arena has been reached without admissions as to liability. Pursuant to the Settlement Deed ("Deed") executed on 10 February 2021 the terms of the settlement are summarised as follows:

- New Energy will pay Arena the sum of \$500,000 within 14 days of its re-listing on ASX;
- New Energy issues to Arena the First Equity Tranche, which is the number of shares calculated by dividing the sum of \$750,000 by the New Energy re-listing share price offered under a future capital raising;
- New Energy issues to Arena the Second Equity Tranche, which is the number of shares calculated by dividing the sum of \$600,000 by the VWAP in the 5 Trading Days prior to the date that is 12 calendar months from the date of the re-listing.

The Settlement Deed is subject to New Energy obtaining all necessary approvals from shareholders and ASX for the re-listing and shareholder approvals for the First Equity Tranche and Second Equity Tranche.

On 2 March 2021 the Company announced that Christiaan Jordaan had stepped down as managing director and moved into a short term non-executive director role and that concurrent with this Ian Daymond became the interim executive chairman until a new managing director is appointed.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

NEW ENERGY MINERALS LTD

Half-year financial report for the six months ended 31 December 2020

Directors' declaration

In accordance with a resolution of the Directors of New Energy Minerals Ltd, we state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the Consolidated Entity on pages 11 to 26 are in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Ian Daymond
Interim Executive Chairman

8 March 2021