

March 2016

HIGHLIGHTS

- **Drilling campaign commenced at Tanjung Enim Production Sharing Contract ("PSC") for the 5 spot wells Pilot Production Program with the aim of upgrading resources and proving reserves.**
- **The first two wells of the Tanjung Enim Pilot Production Program, TE-10 and TE-12, successfully drilled with encouraging results.**

CHAIRMAN'S COMMENTS

Following from our last quarterly report, I'm pleased to announce that NuEnergy has commenced drilling at the Tanjung Enim PSC for the 5 spot wells Pilot Production Program with the aim of upgrading resources and proving reserves. This will be an important milestone for NuEnergy leading up to the preparation and approval for the Plan of Development. The Tanjung Enim PSC is at the advance stage of exploration and we believe this PSC will be the first to deliver revenue for NuEnergy in the near future.

NuEnergy has completed drilling two pilot wells during the quarter with very encouraging results and will further drill the remaining three pilot wells to complete the Tanjung Enim Pilot Production Program. When we commence dewatering and production test in the next quarter, we are expecting the results from gas production to be encouraging and we look forward to an exciting quarter.

Operations Report

During the quarter, NuEnergy operations were mainly focused on the drilling campaign in the Tanjung Enim PSC, South Sumatra with the aim of upgrading resources and proving reserves.

NuEnergy completed drilling the first two pilot wells, TE-10 and TE-12 as part of the Tanjung Enim Pilot Production Program to the targeted depth of 399 metres and 384 metres, respectively. Results revealed from logging that coal seams with total thickness of up to 47 metres with over 13 metres from a single seam.

These results were very encouraging and confirmed the consistency of the reservoir parameters from the other Tanjung Enim PSC wells, i.e. TE-007C, TE-008C and TE-009C in 2015 and shows geological parameter similarities with other proven successful CBM basins.

Rig site at TE-10



Rig site at TE-12



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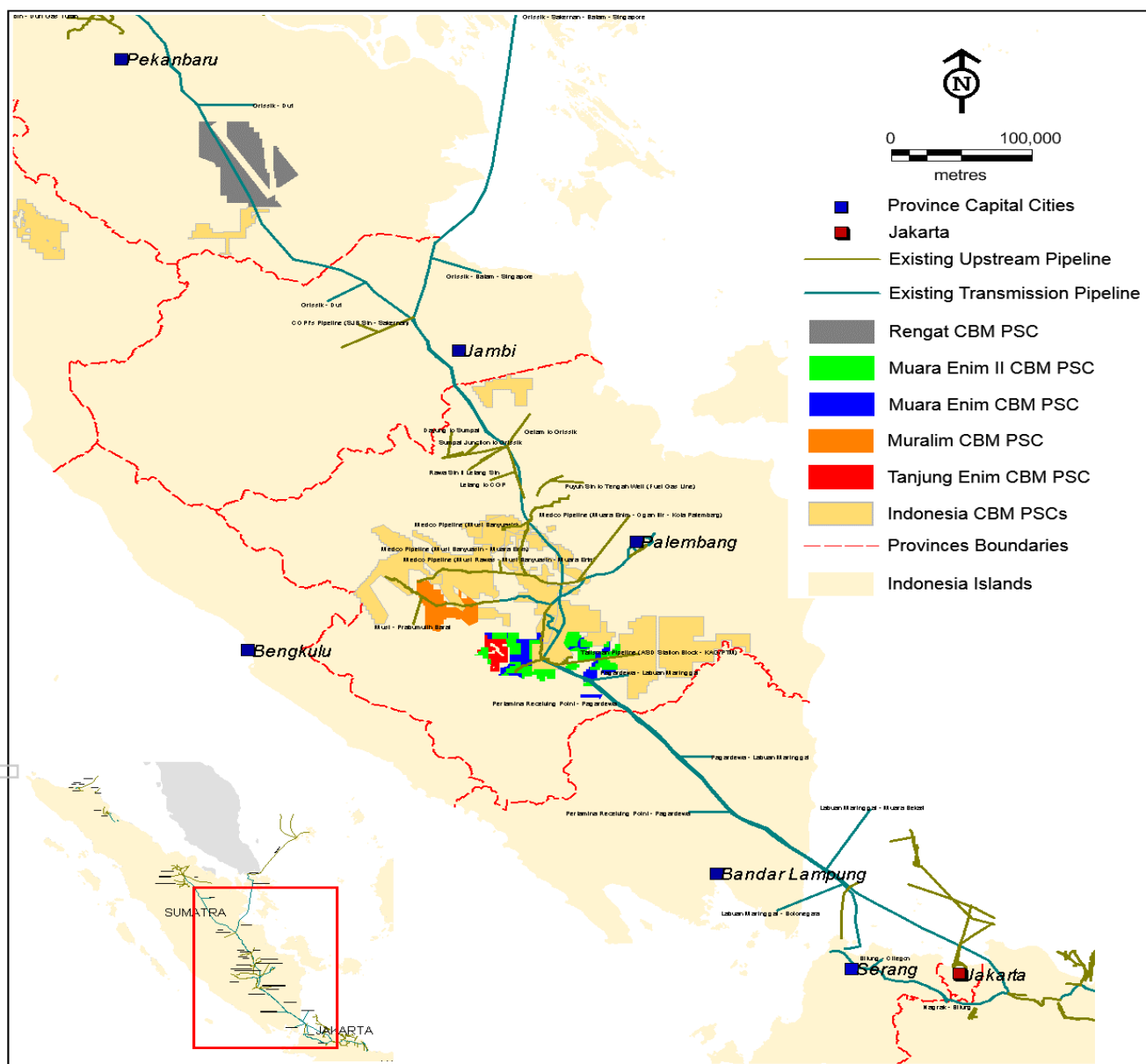
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NuEnergy will further drill the remaining three pilot wells, TE-11, TE-13 and TE-14 in the next quarter to complete the Tanjung Enim Pilot Production Program and commence dewatering and production testing for data package compilation for reserves booking.

Tanjung Enim PSC covers 249.10 km² of the South Sumatera basin and is situated in the most prolific CBM basin in Indonesia with existing gas pipelines infrastructure nearby. NuEnergy has a 45% working interest in the PSC and is the operator of the PSC. NuEnergy has the potential to develop and operate a large scale CBM in South Sumatera as the Tanjung Enim PSC is situated closely to other NuEnergy's PSC, the Muara Enim PSC, Muara Enim II PSC and Muralim PSC.

Map of NuEnergy PSCs in South Sumatera and gas pipeline infrastructure



ABOUT NUENERGY GAS LIMITED

NuEnergy Gas Limited (NuEnergy) is an emerging ASX listed gas and ancillary power generation development company with an immediate focus on establishing unconventional gas production in Indonesia.

NuEnergy has a strategy to acquire, explore, appraise and develop Coal Bed Methane (“CBM”) acreage in this region. It is listed on the Australian Securities Exchange (ASX: NGY) with offices in Sydney (Australia) and Jakarta (Indonesia).

The Company’s overall strategy is to explore and establish commercial resources/reserves over its CBM projects, construct production facilities and commence production as soon as possible.

The Company is led by a team of experienced executives with a track record of successfully identifying and developing CBM projects around the world. This team is complemented by the skills of our Indonesian partners to maximise the value of the company’s coal bed methane opportunities.

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