

**December 2016**

## HIGHLIGHTS

- **Tanjung Enim PSC, South Sumatra completing the final elements of the Pilot Production Program to update the first reserves booking and certification.**
- **Drilling commences in Muralim PSC, South Sumatra.**
- **Pre-drilling operations commence in Muara Enim II PSC, South Sumatra.**

## CHAIRMAN'S COMMENTS

As NuEnergy winds up the Tanjung Enim PSC Pilot Production Program ("TE PPP"), we are looking forward to update our first reserves booking and certification to achieve a significant milestone for the Company's development and growth.

### Operations Report

During the quarter, NuEnergy's operations were mainly focussed on the completion of the TE PPP for the reserves booking and certification while field operations commenced at the Muralim PSC and Muara Enim II PSC.

#### Tanjung Enim PSC, South Sumatra

The dewatering and production testing continued throughout the quarter for the TE PPP, which consisted of 5 wells. The dewatering and production testing results of the TE PPP have been encouraging and progress has been made towards optimising the production. NuEnergy is currently completing the final elements of the TE PPP that will be used by the independent reserve certifier to update its resources and reserves assessment.

The TE PPP has been very successful in providing the platform for NuEnergy to move to a pilot development and reserve upgrade. With the targeted completion of the reserves booking and certification in this quarter, NuEnergy will carry this momentum to continue towards the preparation of Plan of Development in 2017.

#### Muralim PSC, South Sumatra

From our last quarter update, the program in the Muralim PSC will cover activities to drill a well to conduct permeability tests and to re-enter two existing wells to conduct permeability tests. The program will enable NuEnergy to improve the understanding of the coal characterisation to the eastern part of the Muralim PSC.

Towards the end of 2016, drilling commenced on the exploratory well MU-004. Drilling is currently on-going to the targeted depth of 710 meters in order for permeability tests to be conducted. During the same period, permeability tests were conducted on two existing wells, MU#X01 and MU#X02, and data analysis is continuing.

The completion of the program is expected to satisfy the requirement for the application of the Exploration Period extension. The Exploration Period ended on 2 December 2016. NuEnergy made an application and has been granted an extension to the end of February 2017 to complete the program for Exploration Period extension.

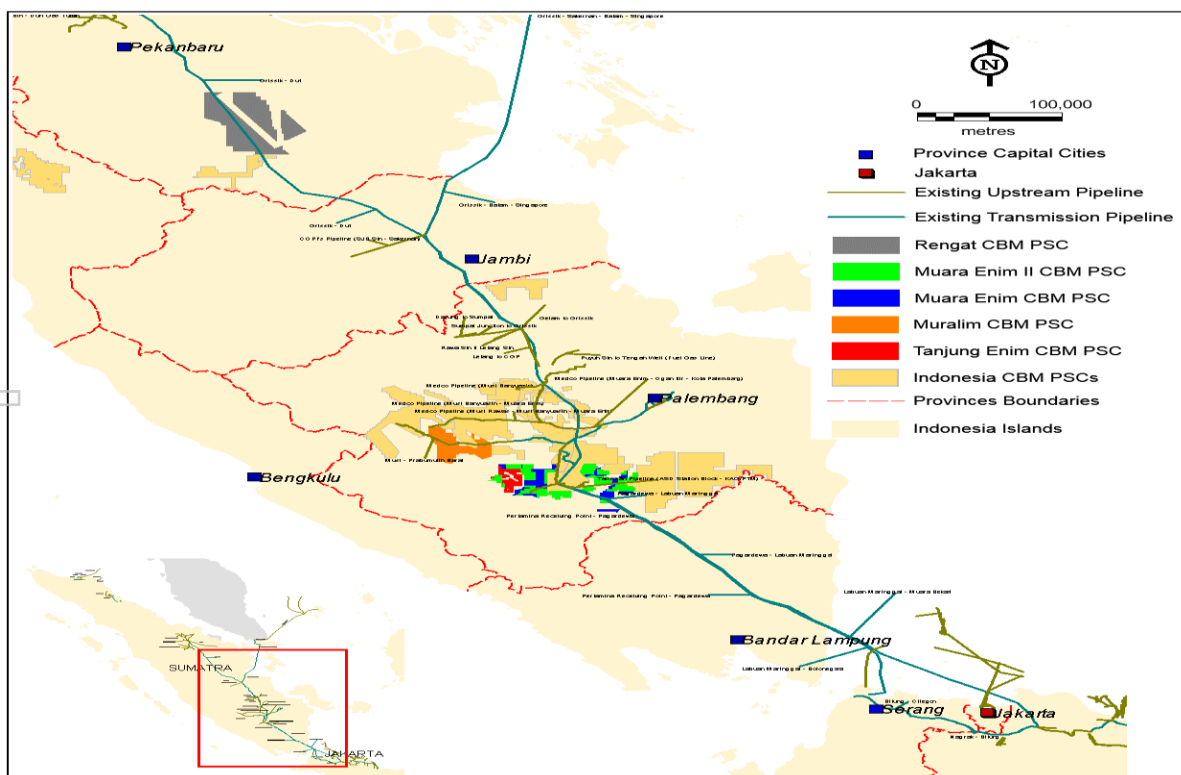
### **Muara Enim II PSC, South Sumatra**

Pre-drilling operations on land clearance and building access roads were completed towards the end of 2016. Drill pad construction is currently in progress and the program will cover the drilling of three production wells.

The program is expected to fulfil the requirement for an application of the Exploration Period extension that will end on 31 March 2017.

While enabling the application of the Exploration Period extension, the program will assist with reservoir characterisation of the coal seams towards the western part of Muara Enim II PSC and confirm the coal continuity throughout the other NuEnergy South Sumatra PSCs for future integrated development.

### **Map of NuEnergy PSCs in South Sumatra and Gas Pipeline Infrastructure**



#### **Corporate Office**

Suite 2.06, 55 Miller Street  
Pyrmont, NSW 2009  
AUSTRALIA  
T: (+612) 8540 8748

NuEnergy's PSCs in South Sumatra cover a total area of 2,280 km<sup>2</sup> (after full relinquishment under the terms of the PSC) and are situated in the most prolific CBM basin in Indonesia with existing gas pipelines infrastructure nearby. NuEnergy has the potential to develop and operate a large scale CBM operation in South Sumatra with the Tanjung Enim PSC, Muara Enim PSC, Muara Enim II PSC and Muralim PSC located in close proximity to one another.

### **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.

#### **Shareholder Enquiries**

Rozanna Lee  
Company Secretary  
+61 2 8540 8748

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Suite 2.06, 55 Miller Street  
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AUSTRALIA  
T: (+612) 8540 8748