

**June 2017**

## HIGHLIGHTS

- Discussions with Satuan Kerja Khusus Pelaksana Kegiatan Usaha Hulu Minyak dan Gas Bumi (“SKKMigas”), the Indonesian Special Task Force for Upstream Oil and Gas Business Activities to review the Exploration Status Decision (“ESD”) proposal for Tanjung Enim Production Sharing Contract as the first step to proceed with the Plan of Development.
- Drilling program at Muara Enim II Production Sharing Contract completed and reported to SKKMigas to finalise the process for Exploration Period Extension
- Completion of Capital Raising

## CHAIRMAN’S COMMENTS

With the preparation underway including discussion with SKK Migas and our partners, NuEnergy plans to submit the first Indonesia coalbed methane (“CBM”) Plan of Development (“POD”) proposal to the Government of Indonesia by the end of the year underscoring the major exploration advance by the Company in the last 12-18 months.

## Operations Report

During the quarter, NuEnergy’s operations were mainly focused in the Tanjung Enim PSC and Muara Enim II PSC.

### Tanjung Enim PSC, South Sumatra

Dewatering and production optimisation for the Tanjung Enim Pilot Production Program (“TEPPP”) conducted throughout the quarter with results demonstrating production parameters in line with the simulated model for commercial delivery.

With the progress of the TEP PP and the overall exploration data, NuEnergy prepared the ESD report which consists of the resources estimates, POD concept and economic evaluation for submission and discussion with SKK Migas. The ESD report is required as the first step to determine the status of exploration to enable SKK Migas to review the reported CBM resources before proceeding with the POD preparation.

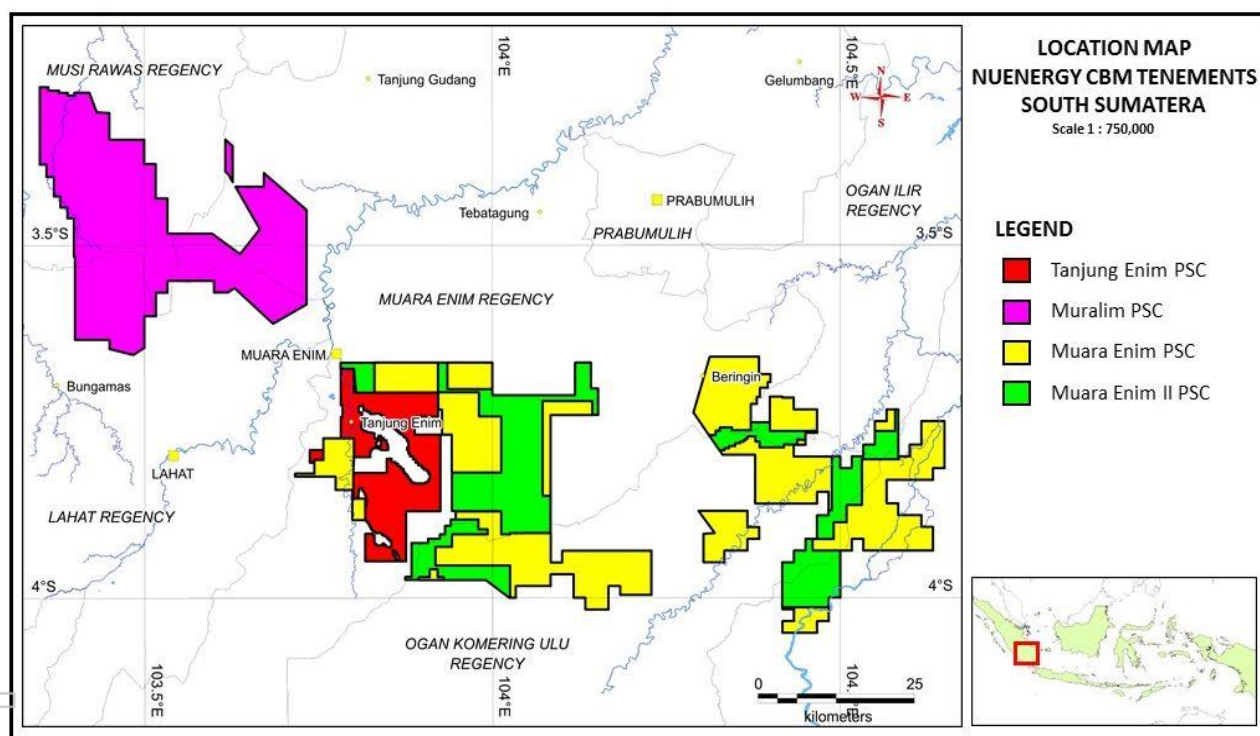
Upon the ESD approval from SKK Migas, NuEnergy will prepare the detail POD proposal to the Government of Indonesia. The ESD approval will herald the completion of Tanjung Enim PSC exploration and signify the move to POD preparation.

## Muara Enim II PSC, South Sumatra

During the quarter NuEnergy completed the drilling of three production wells as part of the work to fulfil the PSC commitments to allow for the extension of the Exploration Period. The Exploration Period expired on 31 March 2017 and NuEnergy received endorsement from SKK Migas to continue with the drilling beyond the expiry of the Exploration Period. All works were completed by the end of May 2017. NuEnergy is currently awaiting the review of the drilling results by SKK Migas to process the extension of the Exploration Period.

The drilling in Muara Enim II PSC revealed similar reservoir characteristics with the Tanjung Enim PSC which is located adjacent to the west of the Muara Enim II PSC which is comparable with the general reservoir characteristics of the South Sumatra basin. The results from logging of each well revealed coal seams ranging in total thickness of 41-53 meters and with over 12 meters thickness from single seams.

**The Muara Enim II PSC located among NGY South Sumatra PSC**



The drilling in Muara Enim II PSC confirms the coal continuity throughout all NuEnergy's South Sumatra PSCs. 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 one of the most prolific CBM basins in Indonesia with existing 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.

## **Capital Raising**

During the quarter, NuEnergy completed a renounceable pro-rata rights issue of 329,434,118 shares raising \$11,530,194 before costs.

Under the rights issue, NuEnergy offered its Australian and New Zealand based shareholders one (1) fully paid ordinary share for every two (2) ordinary shares held on 20 April 2017, at an issue price of \$0.035 per new share.

The proceeds from the rights issue will be used to prepare the POD for Tanjung Enim PSC, to carry out further drilling programs for the Sumatra PSCs and to provide working capital.

## **ABOUT NUENERGY GAS LIMITED**

NuEnergy Gas Limited ("NuEnergy" or the "Company") 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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