

## ASX Release

19 January 2018

Company Announcement Officer  
Australian Securities Exchange

Dear Sir/Madam

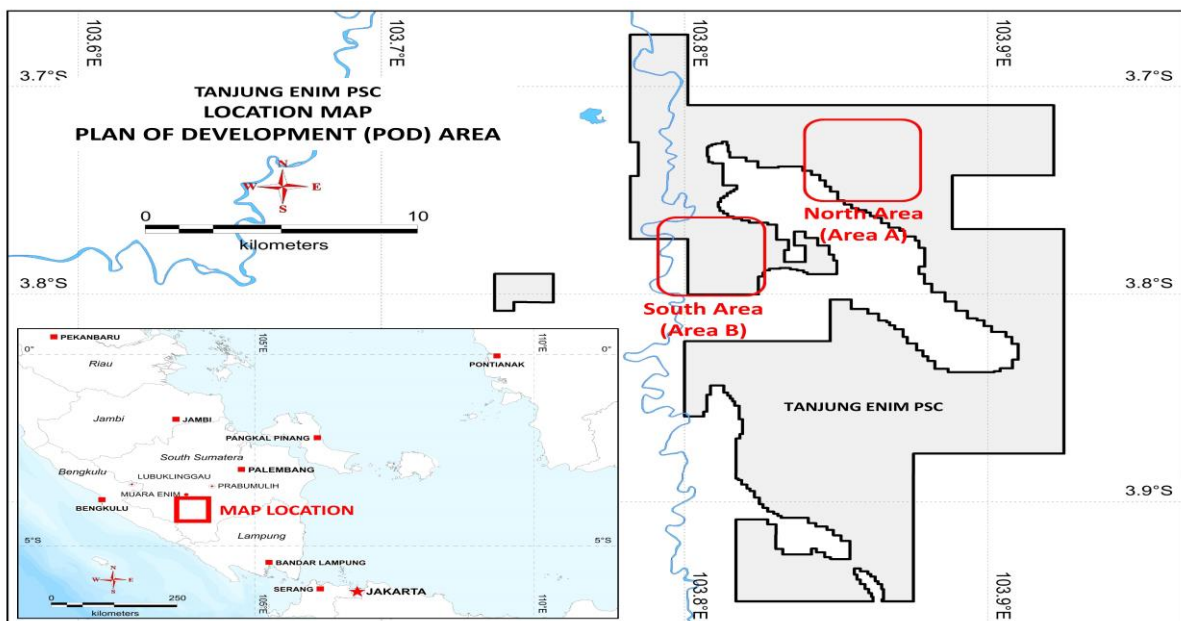
### Clarification of ASX Release on 15 January 2018

NuEnergy Gas Limited (**ASX:NGY**) ("**NuEnergy**" or "**the Company**") refers to the announcement titled "Indonesian CBM Reserves Certification for the Tanjung Enim PSC Initial POD" lodged on the platform on 15 January 2018.

The Company would like to clarify that the CBM reserves certification is one of the compulsory and required processes for the POD submission in Indonesia that must be administered by an Indonesian government accredited agency such as LEMIGAS.

The CBM reserves certification covers the POD target development areas that has been identified in the north (Area A) and south (Area B) area of the Tanjung Enim Production Sharing Contract ("PSC") covering 33 km<sup>2</sup> that will form the basis of the overall POD proposal to be submitted to the Indonesia Ministry of Energy and Mineral Resources for approval.

### Target Development Areas of the Tanjung Enim PSC (Initial POD)



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In preparing the reserves certification, the quantities of the CBM reserves have been estimated by LEMIGAS based on the most known standard integrated approaches of geological, geophysical and engineering methods which are generally accepted in the CBM industry and oil and gas industry in Indonesia.

The reservoir characterisation was established based on 17 wells drilled before 2017 although no new wells were drilled for the purpose of this reserves certification. However, LEMIGAS has corroborated all the available data from the coal core holes, conventional well data and existing seismic. Using static modelling with the available data from the geological and geophysical analysis, well logs, CBM laboratory data and injection fall-off tests, the Original Gas In Place was generated. The reserves figures were estimated as results of prediction using the Dynamic Modelling which are consistent with the reserves and resources certification for the Tanjung Enim PSC Pilot Production Program ("TEPPP") in February 2017.

The following table summarises NuEnergy's participating interest from the LEMIGAS reserves certification classified as P1 (proved) and P2 (probable) deliverable gas reserves reported as gross interest in the announcement dated 15 January 2018.

Area	Original Gas In Place (Bscf)		Remaining Gas Reserves (Bscf)		Remaining Gas Reserves NuEnergy Participating Interest (Bscf)	
A	56.239	74.575	43.968	58.304	19.786	26.237
B	57.986	28.299	42.079	20.537	18.936	9.242
Total	114.225	102.874	86.047	78.842	38.722	35.479

The reserves reported by LEMIGAS were not reported net of inert gases and fuel.

#### **Comparison of LEMIGAS Reserves Certification to previously reported reserves and resources**

In July 2012, Netherland, Sewell & Associates, Inc ("NSAI") estimated the contingent resources in the northern part of the PSC covering an area ranging from 55km<sup>2</sup> to 65km<sup>2</sup> and prospective resources in the southern part of the PSC where data from mines, surface mapping and coal exploration boreholes indicates the presence of coal. The contingent resources and prospective resources are summarised below:-

Category	Unrisked Contingent Gas Resources (Bscf) <sup>1, 4</sup>		Category	Unrisked Prospective Gas Resources (Bscf) <sup>2, 5</sup>	
	Gross	Participating Interest <sup>3</sup>		Gross	Participating Interest <sup>3</sup>
Low Estimate (1C)	177	75	Low Estimate	99	23
Best Estimate (2C)	256	109	Best Estimate	192	44
High Estimate (3C)	360	154	High Estimate	333	76

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**Notes:**

- 1) Estimated probabilistically based on 2 CBM wells drilled by the Company and other wells drilled by mines covering an estimated productive contingent resource area of the northern part of the PSC ranging between 55km<sup>2</sup> and 65km<sup>2</sup> with a best estimate of 60km<sup>2</sup>.
- 2) Estimated probabilistically from an area in the southern part of the PSC where data from mines, surface mapping and coal exploration boreholes indicates the presence of coal.
- 3) Participating interests are after 5% deduction for shrinkage due to system use gas but do not include deductions under provisions of the PSC.
- 4) NSAI did not provide estimates of chance of development for the Contingent Resources.
- 5) NSAI did not provide estimates of chance of success for the Prospective Resources.

In February 2017, RPS Energy Consultants Limited ("RPS") estimated the reserves in the South area (Area B) by evaluating 5 wells drilled for the TEPPP and the immediate vicinity covering an area of 0.8 km<sup>2</sup>. The TEPPP reserves and resources are summarised below:-

	Gross 100% License Basis <sup>1</sup>			NuEnergy's Net Working Interest Basis <sup>2</sup>			NuEnergy's Net Entitlement Basis <sup>3</sup>		
	1P	2P	3P	1P	2P	3P	1P	2P	3P
Gas Reserves (Bscf) <sup>4</sup>	0.27	0.64	0.83	0.12	0.29	0.38	0.11	0.26	0.34
	Gross 100% License Basis <sup>1</sup>			NuEnergy's Net Working Interest Basis <sup>2</sup>					
	Low	Best	High	Low	Best	High			
Contingent Gas Resources (Bscf) <sup>5</sup>	0.49	1.13	1.45	0.22	0.51	0.65			

**Notes:**

- 1) All volumes reported are based on gross (100%) interest as the fields are within the PSC license boundary. These volumes include NuEnergy's and its partner's interest including the Indonesian Government's share.
- 2) The volumes reported under these columns are based on NuEnergy's net working interest (45%), which include the Indonesian Government's share under the PSC.
- 3) The volumes reported are based on NuEnergy's net entitlement, which exclude the Indonesian Government's share under the PSC.
- 4) Based on the contractual volume in the MOU with PT Shalindo Energi signed on 30 November 2016, for a five-year period starting in mid-2018 and are reported net of inert gases and fuel.
- 5) RPS estimates the chance of development for the above resources to be 35% due to the lack of MOU for gas sales or Gas Sales Agreement covering the license period.

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By comparing the LEMIGAS CBM reserves certification with the estimates prepared by NSAI in July 2012 and RPS in February 2017, NGY provides the following updates and objectives:-

- 1) The LEMIGAS CBM reserves certification confirms the reserves for the POD target development areas concentrated in the North (Area A) and South (Area B) area of the PSC covering a total acreage of 33 km<sup>2</sup>.
- 2) The LEMIGAS CBM reserves certification is one of the compulsory and required processes for the POD submission in Indonesia.
- 3) The LEMIGAS CBM reserves certification has been prepared based on the most known standard integrated approaches of geological, geophysical and engineering methods which are generally accepted in the CBM industry and oil and gas industry in Indonesia.

### **ABOUT NUENERGY**

NuEnergy is an independent clean energy company focused on the development of Indonesian unconventional gas assets.

We were established with the goal of providing investors with superior value by safely, reliably and sustainably supplying clean energy to meet the growing energy demands of Indonesia, one of the world's fastest growing economies and energy consuming markets.

We hold six onshore Production Sharing Contracts (PSCs), across South Sumatra, Central Sumatra and East Kalimantan. We are now fully focused on quickly moving our high value unconventional gas assets from exploration to development stage, monetizing their reserves, delivering shareholder return and in turn working capital to fund future developments and strategic acquisitions.

NuEnergy has a clear strategy to drive future growth and maximise shareholder return. We are fully committed to complete our Plan of Development on our Tanjung Enim PSC, move to commercialization and first gas production.

We are proud to be a pioneer of Indonesia's clean energy industry, helping deliver reliable and robust energy supply to the people and businesses of Indonesia. Our focused strategy ensures we will soon become a significant Indonesian gas producer, maximizing shareholder value and return at every opportunity.

### **Shareholder Enquiries**

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