

December 2018

HIGHLIGHTS

- **Muralim PSC drilling for production testing**
- **NuEnergy increases participating interest in Muralim PSC**
- **Tanjung Enim PSC POD economics optimisation**

Operations Report

During the quarter, NuEnergy's operations were mainly focused on the drilling activities in the Muralim Production Sharing Contract ("PSC") and progressing the Plan of Development ("POD") proposal and approval for the Tanjung Enim PSC.

Muralim PSC

South Sumatra, Indonesia

NuEnergy Interest: 50%

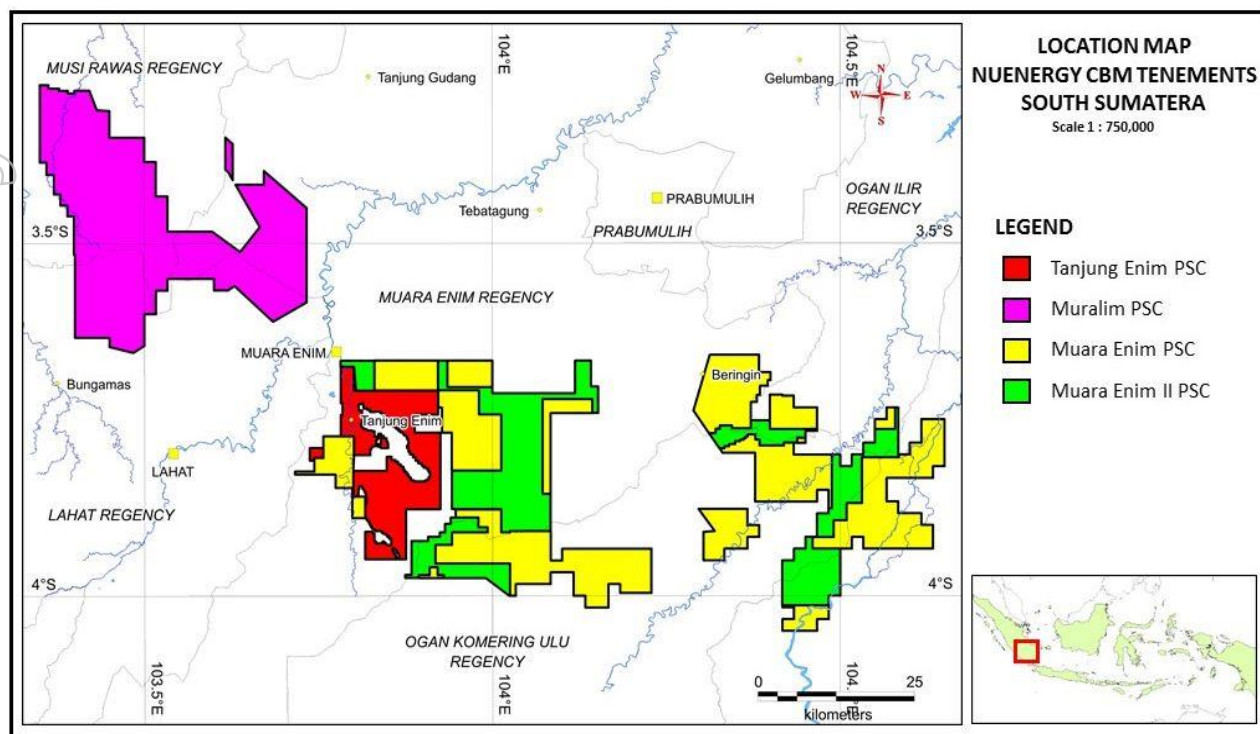
Operator: Dart Energy (Muralim) Pte Ltd (a subsidiary of NuEnergy)

During the quarter, NuEnergy continued with the drilling activities in the Muralim PSC following the extension of the Exploration Period to 2 December 2020. The drilling activities cover the drilling of two wells (MU-005 and MU-006) which have to be completed to fulfil all the PSC exploration firm commitments by 2 December 2018 and to commence the Pilot Production Program with the aim of booking coal bed methane ("CBM") reserves and preparing the Plan of Development ("POD") by December 2020.

The drilling results revealed quality coal formation similar to the reservoir characteristic of the other NuEnergy South Sumatra PSCs (Tanjung Enim PSC, Muara Enim PSC and Muara Enim II PSC) located within the 125km radius towards the east of the PSC. The results from logging revealed 5 coal seams with total thickness of 27 meters with average 5 meters from a single seam. The MU-006 well was completed and ready to be put on production test while MU-005 well was half drilled. The MU-006 was left shut-in and the MU-005 was temporarily suspended on 2 December 2018. NuEnergy subsequently proposed the additional time to complete the exploration firm commitment and to convert the Muralim PSC to the Gross Split contract. The completion of the drilling activities and Pilot Production Program will re-commence upon the approval of the extension and contract conversion from the Government.

The drilling results also confirmed the coal continuity towards the western part of the other NuEnergy South Sumatra PSCs that will enable the potential development of a large scale CBM supply covering the total NuEnergy South Sumatra PSCs area of 2,280km² (after full relinquishment under the terms of the PSC).

The Muralim PSC located on the western part of NuEnergy South Sumatra PSCs



Subsequent to the quarter end, NuEnergy increased its participating interest in the Muralim PSC by entering into a Withdrawal and Assignment Agreement with PT Medco CBM Pendopo ("Medco").

NuEnergy is the operator of the Muralim PSC and holds a 50% participating interest in the PSC, with Medco holding the other 50% participating interest. Agreement has been reached to transfer the 50% participating interest to NuEnergy subject to government approval. Under the agreement, Medco will immediately assign all its rights, obligations and liabilities under the PSC and Joint Operating Agreement ("JOA") relating to its withdrawing participating interest that will be transferred to NuEnergy.

The withdrawal and assignment is at no cost to Medco and NuEnergy apart from Medco's obligation under the PSC and JOA to settle all its outstanding due and unpaid cash calls to meet its expenditure obligation.

Rig Site at MU-006



Tanjung Enim PSC
South Sumatra, Indonesia
NuEnergy Interest: 45%
Operator: Dart Energy (Tanjung Enim) Pte Ltd (a subsidiary of NuEnergy)

During the quarter, NuEnergy conducted a review and evaluated the Tanjung Enim PSC POD with the Indonesian Ministry of Energy and Mineral Resources (“MEMR”) on optimising the economics of the development for NuEnergy and partners and the Government of Indonesia. The optimisation included the modification of the production facilities and drilling rigs to CBM fit for purpose and change to the development layout to reduce the land requirement or foot print. In addition, NuEnergy and partners are reviewing with the government for possible PSC conversion to Gross Split scheme to further improve on the economics through less stringent contract regulation and increase flexibility and efficiency provided under the Gross Split contract.

With the POD optimisation, we are optimistic for the first CBM POD to be approved in Indonesia.

ABOUT NUENERGY GAS LIMITED

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 (POD) 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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