



# NuEnergy Gas Limited

ABN 50 009 126 238

## HALF-YEAR FINANCIAL REPORT

31 December 2018

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**NuEnergy Gas Limited**  
**Half Year Financial Report 31 December 2018**

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This Half Year Financial Report does not include all the notes of the type normally included in an annual Financial Report.

Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2018 and any public announcements made by NuEnergy Gas Limited during the half year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

## CORPORATE DIRECTORY

31 December 2018

### DIRECTORS

Kong Kok Keong (Non-Executive Chairman)  
 Kee Yong Wah (Deputy-Executive Chairman)  
 Goh Tian Chuan (Non-Executive Director)  
 Chen Heng Mun (Non-Executive Director)  
 Alan Fraser (Non-Executive Director)

### COMPANY SECRETARY

Rozanna Lee

### ABN:

50 009 126 238

### REGISTERED/ADMINISTRATION OFFICE:

c/- KPMG  
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 300 Barangaroo Avenue  
 Sydney NSW 2000

Phone: (02) 8076 7600  
 Email: [ir@nuenergygas.com](mailto:ir@nuenergygas.com)

### SHARE REGISTRY

Link Market Services Limited  
 QV1 Building, Level 12, 250 St Georges Terrace  
 Perth WA 6000

Phone: (08) 9211 6654

### AUDITOR

KPMG  
 Tower 3, International Towers Sydney  
 300 Barangaroo Avenue  
 Sydney NSW 2000

### STOCK EXCHANGE LISTING

NuEnergy Gas Limited shares are listed on the Australian  
 Securities Exchange  
 (ASX code: NGY)

### WEBSITE

[www.nuenergygas.com](http://www.nuenergygas.com)

## DIRECTORS' REPORT

The directors of NuEnergy Gas Limited ("NuEnergy" or the "Company") present their report together with the consolidated financial statements of the Company and its controlled entities (collectively the "Group") for the half-year ended 31 December 2018 and the independent auditor's review report thereon.

### Directors

The directors of the Company at any time during or since the half-year are:

<b>Kong Kok Keong</b>	Non-Executive Chairman
<b>Kee Yong Wah</b>	Deputy Executive Chairman
<b>Goh Tian Chuan</b>	Non-Executive Director
<b>Chen Heng Mun</b>	Non-Executive Director
<b>Alan Fraser</b>	Non-Executive Director

### Significant changes in state of affairs

There were no significant changes in the state of affairs of the Group during the financial period.

### Review of operations

The Group's half year ended Production Sharing Contract ("PSC") operations were mainly focused in the Tanjung Enim PSC, Muralim PSC and Bontang Bengalon PSC.

#### Tanjung Enim PSC

**South Sumatra, Indonesia**

**NuEnergy Interest: 45%**

**Operator: Dart Energy (Tanjung Enim) Pte Ltd (a subsidiary of NuEnergy)**

The focus for the Tanjung Enim PSC for the half year was to secure approval for the first Plan of Development ("POD") for the Tanjung Enim field ("POD I") by working closely with the Indonesian Special Task Force for Upstream Oil and Gas Business Activities (commonly referred to as SKK Migas) and the Directorate General of Oil and Gas (commonly referred to as MIGAS).

Following the submission of the POD I by the Head of SKK Migas to the Minister of Energy and Mineral Resources, MIGAS facilitated consultation with local government and communities as part of the POD I approval process involving various local stakeholders. The Company remains committed to act openly and inclusively with the local government bodies and communities in which the Company operate. The objective of the local government consultation was to communicate the latest progress and facts of the POD I and to address any local government and community concerns and to secure their support to progress with the POD I. Through this consultation process, the POD I for the Tanjung Enim PSC has received the required support from the local government and communities to proceed which is key for the POD I approval.

NuEnergy together with MIGAS, SKK Migas and the Indonesia Ministry of Energy and Mineral Resources ("MEMR") continued conducting review and evaluation to optimise the economics of the POD I for NuEnergy, the partners and the Government of Indonesia. The optimisation included the modification of the production facilities and drilling rigs to coal bed methane ("CBM") fit for purpose and change to the development layout to reduce the land requirement or foot print. In addition, NuEnergy and its 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 CBM POD to be approved in Indonesia within the first half of 2019.

#### Muralim PSC

South Sumatra, Indonesia

NuEnergy Interest: 50%

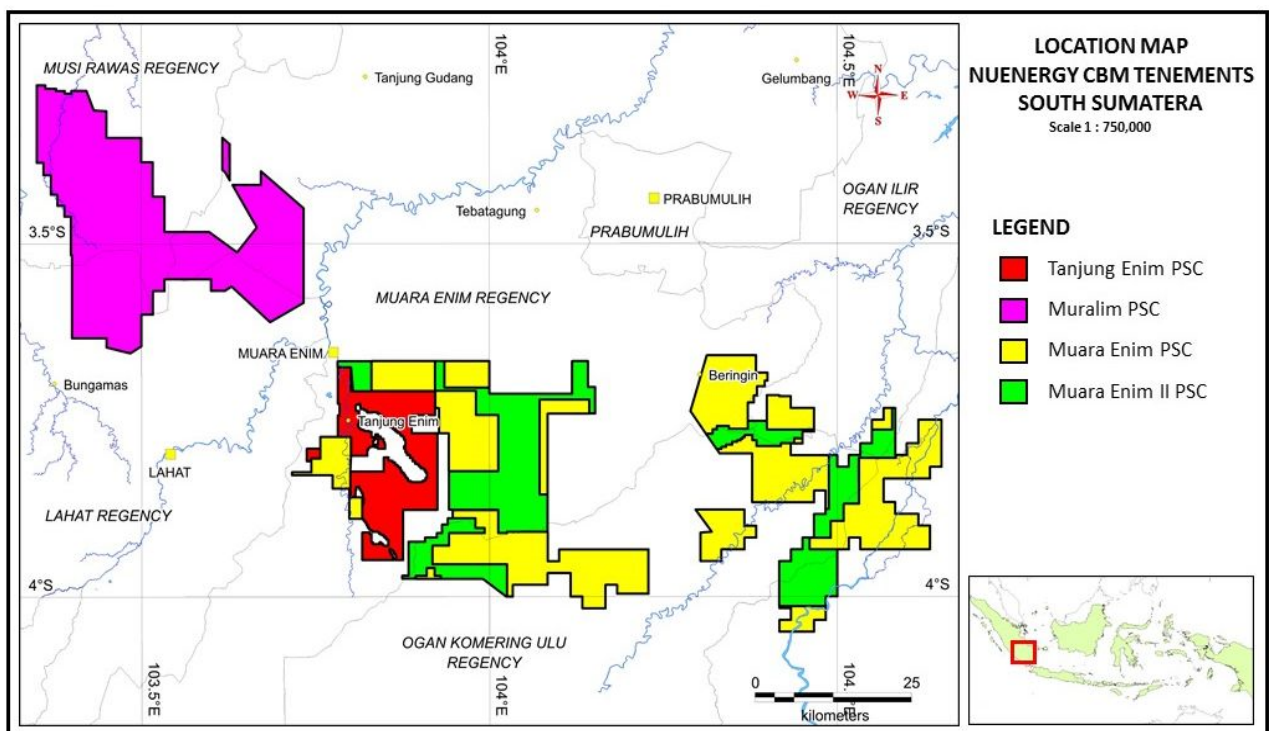
Operator: Dart Energy (Muralim) Pte Ltd (a subsidiary of NuEnergy)

During the half year, NuEnergy continued with 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 CBM reserves and preparing the 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 temporary 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 contract conversion and extension from the Government. Subsequent to the half year, the Company executed the Muralim Gross Split PSC with the MEMR on 11 February 2019 and obtained the additional time to complete the exploration firm commitment.

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 2,280km<sup>2</sup> (after full relinquishment under the terms of the PSC).

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



### Rig Site at MU-006



**Bontang Bengalon PSC**  
**East Kalimantan, Indonesia**

**NuEnergy Interest: 100%**

**Operator: Dart Energy (Bontang Bengalon) Pte Ltd (a subsidiary of NuEnergy)**

NuEnergy commenced drilling the first two commitment wells at the Bontang Bengalon PSC in East Kalimantan, Indonesia in September 2018. The drilling program of the firm commitment wells is required to request for the Exploration Period extension to complete exploration drilling program beyond the end of the 6<sup>th</sup> contract year on 8 October 2018 to progress reserves and to submit the POD. A contract amendment has been proposed to the Indonesia Ministry of Energy and Mineral Resources to allow the extension of the Exploration Period and to continue with further exploration program for development.

Bontang Bengalon PSC covers a total area of 328.6km<sup>2</sup> (after full relinquishment under the terms of the PSC terms) in East Kalimantan, Indonesia and lies between prolific oil and gas concessions, oil and gas infrastructures including Bontang LNG plant and close proximity to the growing industry cities of Bontang and Sangatta. NuEnergy has a 100% working interest in Bontang Bengalon PSC and is the operator of the PSC.

**Muara Enim PSC**  
**South Sumatra, Indonesia**  
**NuEnergy Interest: 40%**  
**Operator: PT Trisula CBM Energi (a subsidiary of NuEnergy)**

Following the appraisal drilling with prospect discovery in 2013, NuEnergy will resume drilling activities in the current financial year with a Pilot Production Program that includes coring, core lab analysis, permeability tests, production test and dewatering with the aim to secure commercial discovery approval from SKK Migas and reserves certification by the Indonesia Research and Development Center for Oil and Gas Technology (commonly referred to as LEMIGAS) which are key steps for the PSC to progress with the POD preparation.

As the PSC is at the advance exploration stage, NuEnergy aims to submit the second POD after the Tanjung Enim POD 1 and bring the integrated South Sumatra PSCs online for commercialisation starting from 2021.

**Muara Enim II PSC**  
**South Sumatra, Indonesia**  
**NuEnergy Interest: 30%**  
**Operator: Indo CBM Sumbagsel 2 Pte Ltd (a subsidiary of NuEnergy)**

NuEnergy is planning to resume drilling activities in the current financial year with a Pilot Production Program that includes coring, core lab analysis, permeability tests, production test and dewatering with the aim to secure commercial discovery approval from SKK Migas and reserves certification LEMIGAS which are key steps for the PSC to progress with the POD preparation.

### **Financial results and position**

The Group reported a net loss of \$806,964 for the half year to 31 December 2018 compared to a net loss of \$11,419,526 for the previous corresponding half year. The decrease in the net loss for the financial period was due to the full impairment of the exploration and evaluation asset of \$11,397,870 in the corresponding half year recognised for the Rengat PSC. NuEnergy and SKK Migas have amicably agreed for NuEnergy to relinquish the Rengat PSC after confirmation from SKK Migas of the completion of the PSC firm commitment since there have not been attractive commercial discoveries based on the exploration and drilling activities to date.

At 31 December 2018, the Group has cash and cash equivalents of \$228,100 and net assets of \$39,867,676. This compares to cash and cash equivalents of \$1,369,743 and a net assets position of \$38,649,357 at 30 June 2018.



## Events subsequent to period end

The Company is not aware of any material events that have occurred subsequent to the period end except for the following:

- i) Subsequent to the half year end, the Company entered into a loan agreement with AIC Corporation Sdn Bhd, a related party to the Company's directors, Goh Tian Chuan and Chen Heng Mun and wholly owned by the ultimate parent, GFB to raise USD300,000 to fund part of the CBM planned exploration activities. The loan is unsecured and repayable on demand with financing cost of 10% per-annum charge on the outstanding loan computed on a daily and non-compounding basis.
- ii) Subsequent to the half year end, the Company increased its participating interest ("PI") 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% PI in the Muralim PSC, with Medco holding the other 50% PI. Agreement has been reached to transfer the 50% PI to NuEnergy subject to government approval. Under the agreement, Medco will assign all its rights, obligations and liabilities under the PSC and Joint Operating Agreement relating to its withdrawing PI that will be transferred to NuEnergy.
- iii) Subsequent to the half year end, the Company executed the Muralim Gross Split PSC with the MEMR. The Company with Medco, its partner to the Muralim PSC and the Indonesian Government have agreed to amend and restate the Muralim PSC to the Gross Split scheme. The Gross Split scheme will provide flexibility to the business and the regulatory processes as well as operational execution in order to achieve the highest level of efficiency which is required by the low cost and fast moving CBM industries at the current stage in Indonesia.

## Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 9.

Signed in accordance with a resolution of Board of Directors.



**Kong Kok Keong**  
**Non-Executive Chairman**  
**Dated this 15th day of March 2019**





# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of NuEnergy Gas Limited

I declare that, to the best of my knowledge and belief, in relation to the review of NuEnergy Gas Limited for the half-year ended 31 December 2018 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

A stylized, handwritten signature of the KPMG firm, written in blue ink.

KPMG

A handwritten signature of Daniel Camilleri, written in blue ink.

Daniel Camilleri  
Partner

Sydney  
15 March 2019

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 December 2018**

Note	31/12/2018 \$	31/12/2017 \$
EXPENSES		
Consultants	(36,267)	(78,656)
Directors & executives remuneration	(312,492)	(349,850)
Legal expenses	(15,469)	(1,740)
Administration expenses	(211,659)	(384,058)
Foreign exchange losses	(105,877)	(80,945)
Depreciation	(29,446)	(50,491)
Net finance costs	(95,754)	(21,676)
Impairment of exploration and evaluation assets	-	(11,397,870)
Loss on disposal of plant and equipment	-	(3,938)
Loss before income tax	(806,964)	(12,369,224)
Income tax benefit	-	949,698
Net loss after income tax	(806,964)	(11,419,526)
Other comprehensive income/(loss) Items that are or may be reclassified to profit or loss:		
Movement in fair value of available for sale financial assets	995	(5,306)
Foreign currency translation reserve	2,039,049	(662,768)
Total comprehensive income/(loss) for the period	1,233,080	(12,087,600)
Net loss attributable to:		
Owners of the Company	(804,096)	(11,414,698)
Non-controlling interests	(2,868)	(4,828)
	(806,964)	(11,419,526)
Total comprehensive income/(loss) attributable to:		
Owners of the Company	1,250,709	(12,087,096)
Non-controlling interests	(17,629)	(504)
	1,233,080	(12,087,600)
Loss per share:		
- Basic loss per share (cents per share)	(0.05)	(0.77)
- Diluted loss per share (cents per share)	(0.05)	(0.77)

The condensed notes on pages 14 to 21 are an integral part of these condensed consolidated half-year financial statements.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 December 2018

	Note	31/12/2018 \$	30/06/2018 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		228,100	1,369,743
Other receivables and prepayments		1,387,684	1,128,816
<b>TOTAL CURRENT ASSETS</b>		<u>1,615,784</u>	<u>2,498,559</u>
<b>NON-CURRENT ASSETS</b>			
Available for sale financial assets		5,637	4,642
Plant and equipment		78,252	103,535
Exploration and evaluation	2	40,942,647	36,334,509
Other financial assets		796,120	758,436
<b>TOTAL NON-CURRENT ASSETS</b>		<u>41,822,656</u>	<u>37,201,122</u>
<b>TOTAL ASSETS</b>		<u>43,438,440</u>	<u>39,699,681</u>
<b>CURRENT LIABILITIES</b>			
Other payables		1,579,191	738,351
Related party payables	3	1,957,007	275,524
Employee benefits		34,566	36,449
<b>TOTAL CURRENT LIABILITIES</b>		<u>3,570,764</u>	<u>1,050,324</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		-	-
Provisions		-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>		<u>3,570,764</u>	<u>1,050,324</u>
<b>NET ASSETS</b>		<u>39,867,676</u>	<u>38,649,357</u>
<b>EQUITY</b>			
Share capital	5	106,450,311	106,450,311
Reserves	6	7,133,810	5,093,766
Accumulated losses		(73,831,512)	(73,027,416)
<b>Equity attributable to owners of the Company</b>		<u>39,752,609</u>	<u>38,516,661</u>
Non-controlling interests		115,067	132,696
<b>TOTAL EQUITY</b>		<u>39,867,676</u>	<u>38,649,357</u>

The condensed notes on pages 14 to 21 are an integral part of these condensed consolidated half-year financial statements.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 December 2018

	Share Capital	Reserves	Accumulated Losses	Non- Controlling Interests	Total Equity
	\$	\$	\$	\$	\$
At 1 July 2017	106,450,311	3,677,504	(60,496,244)	144,993	49,776,564
Net loss after income tax	-	-	(11,414,698)	(4,828)	(11,419,526)
Other comprehensive income:					
- Movement in fair value of available for sale financial assets	-	(5,306)	-	-	(5,306)
- Foreign currency translation reserve	-	(662,768)	-	-	(662,768)
Foreign currency translation on foreign operations	-	-	-	4,324	4,324
At 31 December 2017	106,450,311	3,009,430	(71,910,942)	144,489	37,693,288
	Share Capital	Reserves	Accumulated Losses	Non- Controlling Interests	Total Equity
	\$	\$	\$	\$	\$
At 1 July 2018	106,450,311	5,093,766	(73,027,416)	132,696	38,649,357
Net loss after income tax	-	-	(804,096)	(2,868)	(806,964)
Other comprehensive income:					
- Movement in fair value of available for sale financial assets	-	995	-	-	995
- Foreign currency translation reserve	-	2,039,049	-	-	2,039,049
Foreign currency translation on foreign operations	-	-	-	(14,761)	(14,761)
At 31 December 2018	106,450,311	7,133,810	(73,831,512)	115,067	39,867,676

The condensed notes on pages 14 to 21 are an integral part of these condensed consolidated half-year financial statements.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 December 2018

	Note	31/12/2018 \$	31/12/2017 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest received		3	18
Bank guarantee deposits released		-	-
Bank guarantee financing costs		-	(21,694)
Payments to suppliers and employees		(107,366)	(1,460,437)
Net cash used in operating activities		<u>(107,363)</u>	<u>(1,482,113)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of plant and equipment		-	1,844
Payments for Exploration and Evaluation expenditure		(2,659,500)	(1,998,789)
Net cash used in investing activities		<u>(2,659,500)</u>	<u>(1,996,945)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from related party borrowings		1,591,003	-
Net cash generated from financing activities		<u>1,591,003</u>	<u>-</u>
Net decrease in cash and cash equivalents		(1,175,860)	(3,479,058)
Cash and cash equivalents at 1 July		1,369,743	7,449,093
Effect of exchange rate fluctuations on cash held		34,217	(138,447)
Cash and cash equivalents at 31 December		<u>228,100</u>	<u>3,831,588</u>
		=====	=====

The condensed notes on pages 14 to 21 are an integral part of these condensed consolidated half-year financial statements.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 December 2018

### 1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

#### (a) Reporting entity

NuEnergy Gas Limited (the "Company" or "NuEnergy") is a company domiciled in Australia. These Condensed Consolidated Half-Year Financial Statements ("half-year financial statements") as at and for the six months ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily involved in the exploration, appraisal and development of hydrocarbons with a primary focus on unconventional gas on coal seam gas also known as coal bed methane ("CBM").

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2018 are available upon request from the Company's registered office at c/- KPMG, Level 38, Tower 3, International Towers Sydney, 300 Barangaroo Avenue, Sydney NSW 2000 or at [www.nuenergygas.com](http://www.nuenergygas.com).

#### (b) Basis of accounting

These half-year financial statements are general purpose financial statements prepared in accordance with AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*, and with IAS 34: *Interim Financial Reporting*.

They do not include all of the information required for a complete set of annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2018.

These half-year financial statements are presented in Australian dollars.

These half-year financial statements were authorised for issue by the Company's Board of Directors on 15 March 2019.

#### (c) Significant Accounting Policies

The same accounting policies and methods of computation have been followed in this half-year financial report as were applied in the Group's consolidated financial statements as at and for the year ended 30 June 2018. There have been no new or revised accounting standards issued with an effective date of 1 July 2018 applicable to the Group.

#### (d) Going concern

The Group has recorded a loss of \$806,964 had net cash outflows from operating and investing activities of \$2,766,863 for the half year ended 31 December 2018, and has no ongoing source of operating income. At 31 December 2018 the Group had a working capital deficiency of \$1,954,980 however with a net assets of \$39,867,676 which includes \$228,100 of cash and cash equivalents.

The financial statements have been prepared on a going concern basis which assumes the realisation of assets and the extinguishment of liabilities in the normal course of business and at the amounts stated in the financial statements.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 December 2018

The directors believe the going concern basis is appropriate for the following reasons:

- At 31 December 2018, the Group had cash and cash equivalents of \$228,100;
- The Group secured and has drawn down financing of USD300,000 (\$425,376) from AIC Corporation Sdn Bhd, a related party subsequent to the period end;
- The Group received cash call of USD600,000 (\$850,752) from PT Medco CBM Pendopo ("Medco"), the joint venture partner to the Muralim PSC subsequent to the period end;
- The Directors have prepared a cash flow forecast for the period up to 31 March 2020 which includes planned capital raisings totalling \$30,000,000 as well of cash calls from joint venture partners of \$19,900,610 to ensure all planned exploration and development expenditure \$45,055,762 for the 15 months period from 1 January 2019 to 31 March 2020 and overheads of \$4,693,417 can be met. The total planned exploration and development expenditure includes the minimum exploration and development expenditure required under the Production Sharing Contracts ("PSC"). In the event that further planned capital raisings are delayed, the Directors believe that the Group will have the ability to scale back its operations, postpone the initial Tanjung Enim PSC development plans and move some of the minimum exploration and development expenditure commitments under the PSC to future years after negotiation with the Indonesian Oil and Gas Regulator; and
- The Group has applied for the extension of the Bontang Bengalon PSC during the half year ended 31 December 2018. The Group expects the PSC to be extended in the current financial year without penalties applied by the Indonesian Oil and Gas Regulator.

After considering all the above factors, the Directors have concluded that the use of the going concern assumption is appropriate. However, to meet the future committed expenditure the Group will be required to raise further equity and/or receive financial support from the Group's ultimate parent Globaltec Formation Berhad ("GFB"), as well as receive cash calls from joint venture partners to continue as a going concern.

The Directors believe the Group will be able to access further working capital either through equity raisings or through loans from GFB if required and expect the Bontang Bengalon PSC to be extended without penalties imposed, however, there is a material uncertainty that may cast significant doubt on the Group's activities' to continue as a going concern should access to equity or financial support be reduced or not forthcoming or if significant penalties, including fines or termination of PSCs were imposed for failure to meet the exploration commitments.

If the Group is unable to continue as a going concern then it may be unable to realise its assets and discharge its liabilities in the normal course of business or at the amounts stated in the half-year financial report.

### **(e) Significant assumptions and key estimates**

The preparation of the half-year financial report requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values that are not apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised of the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 December 2018

### NOTE 2 EXPLORATION AND EVALUATION EXPENDITURE

	31/12/2018 \$	30/6/2018 \$
Balance at beginning of period	36,334,509	43,907,168
Additions	2,730,851	2,651,840
Impairment charge <sup>1</sup>	-	(11,397,870)
Exchange differences	1,877,287	1,173,371
	<hr/>	<hr/>
Balance at end of period	40,942,647	36,334,509
	<hr/>	<hr/>
Exploration and evaluation assets <sup>2</sup>	84,295,059	79,929,372
VAT receivable <sup>3</sup>	3,385,807	3,143,356
Accumulated impairment	(46,738,219)	(46,738,219)
	<hr/>	<hr/>
Carrying value	40,942,647	36,334,509
	<hr/>	<hr/>

<sup>1</sup> In the previous year, the Group completed the work programs for the Rengat PSC for the purpose of fulfilling the remaining Firm Commitments of the PSC. As there have not been attractive commercial discoveries based on the drillings programs to date, the Group and the Indonesian Special Task Force for Upstream Oil and Gas Business Activities (commonly referred to as SKK Migas) have amicably agreed for the Group to relinquish the Rengat PSC after confirmation from SKK Migas of the completion of the Firm Commitments. As a result a full impairment of \$11,397,870 was recorded for the Rengat PSC.

<sup>2</sup> Recoverability of the carrying amount of exploration costs is dependent on the successful exploration and sale of CBM. The Group is in the process of applying for the extension of the exploration period for the Bontang Bengalon PSC which expired on 8 October 2018 (end of the 6<sup>th</sup> contract year) where it was recommended and lodged by SKK Migas to the Indonesian Ministry of Energy and Mineral Resources.

At the date of signing these financial statements the Group is awaiting a response from the Indonesian Government. If the extension period is not granted by the Indonesian Government, the carrying value of the Exploration and Evaluation expenditure as at 31 December 2018 of \$769,510 is impaired.

<sup>3</sup> VAT capitalised is eligible to be claimed back from SKK Migas upon production of CBM on a commercial basis.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 December 2018

### NOTE 3 RELATED PARTY PAYABLES

		31/12/2018 \$	30/6/2018 \$
Amount due to ultimate parent company	3.1	32,817	32,062
Amount due to substantial shareholder	3.2	241,380	243,462
Loans from related corporations	3.3	1,682,810	-
		1,957,007	275,524

- 3.1 The amount due to the ultimate parent GFB is non-trade, unsecured, interest free and repayable on demand.
- 3.2 The amount due to the substantial shareholder, New Century Energy Resources Limited ("NCE") is non-trade, unsecured, interest free and repayable on demand.
- 3.3 Loans from related corporations inclusive of interest accrued are unsecured and repayable on demand with financing cost of 10% per-annum charged on the outstanding loan computed on a daily and non-compounding basis.

### NOTE 4 SEGMENT INFORMATION

Operating segments are reported in a manner that is consistent with internal reporting to the chief operating decision maker ("CODM"), which has been identified by the Board of Directors. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, or whose operating results are regularly reviewed by the entity's CODM to make decisions about resources to be allocated to the segment and assess its performance. The Group operated in one segment being the CBM exploration in Indonesia. The measure used by the CODM to evaluate the performance is profit/loss before tax.

#### Geographical location

The exploration assets of the Group are predominantly located in Indonesia. The Company's principal and registered office is located in Australia. The geographical information below analyses the Group's non-current assets and liabilities based on the geographical location of the non-current assets and liabilities. The Group is currently under the exploration and appraisal phase and has no revenues from external customers.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 December 2018

In the previous year, the Group completed the work programs for the Rengat PSC for the purpose of fulfilling the remaining Firm Commitments of the PSC. As there have not been attractive commercial discoveries based on the drillings programs to date, the Group and SKK Migas have amicably agreed for the Group to relinquish the Rengat PSC after confirmation from SKK Migas of the completion of the Firm Commitments. As a result a full impairment of \$11,397,870 was recorded for the Rengat PSC in the Indonesian non-current assets segment.

		<b>Non-current assets Consolidated</b>	
		<b>31/12/2018</b>	<b>30/6/2018</b>
		\$	\$
Australia		7,806	7,358
Indonesia		41,814,850	37,193,764
		41,822,656	37,201,122

### NOTE 5 SHARE CAPITAL

	<b>31/12/2018</b>	<b>30/6/2018</b>
Issued and Paid Up Capital (number of shares)	1,480,955,497	1,480,955,497
Fully paid ordinary shares (\$)	106,450,311	106,450,311

### NOTE 6 RESERVES

	<b>31/12/2018</b>	<b>30/6/2018</b>
	\$	\$
Foreign Currency Translation Reserve	7,150,556	5,111,507
Available for Sale Financial Asset Reserve	(16,746)	(17,741)
	7,133,810	5,093,766

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 December 2018

### NOTE 7 EXPENDITURE COMMITMENTS AND CONTINGENT LIABILITIES

Minimum expenditure commitments contracted for under PSC not provided for in the financial statements:

	31/12/2018 \$	30/6/2018 \$
Not longer than 1 year	3,842,090	7,951,511
Longer than 1 year and not longer than 5 years	2,072,727	2,478,637
Longer than 5 years	-	-
	5,914,817	10,430,148

Commitments under the Indonesian PSC may be moved into future years after negotiation with the Indonesian Oil and Gas Regulator. The Group has managed to postpone various commitments until future periods and has met the required commitments for the current period to 31 December 2018.

The Group has bank guarantees amounting to \$5,794,407 (30 June 2018: \$5,520,129) at the half year ended for performance bonds issued to the Government of Indonesia for the performance under the terms of the work programs for the firm commitments of the PSC.

### NOTE 8 LEASE COMMITMENTS

The Group's operating lease rentals are payable as follows:

	31/12/2018 \$	30/6/2018 \$
Not longer than 1 year	129,861	125,842
Longer than 1 year and not longer than 5 years	-	62,921
	129,861	188,763

The Group leases office space under operating leases. The leases typically run for a period of 24 months with an option to renew the lease after that date.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 December 2018

### NOTE 9 RELATED PARTIES

Dealings with related parties have been consistent with those disclosed in the 30 June 2018 financial statements apart from the Company receiving loans from PT Indotech Metal Nusantara ("PTI") and AIC Corporation Sdn Bhd ("AICC"), related parties to the Company's directors, Goh Tian Chuan and Chen Heng Mun totalling \$1,653,509.

The terms of the loans were as follows:-

- a) PTI, a related party to the Company's directors, Goh Tian Chuan and Chen Heng Mun and wholly owned by the ultimate parent, GFB provided a loan of IDR8,161,450,000 (\$758,980) on 20 September 2018 to fund part of the CBM planned exploration activities. The loan is unsecured and repayable on demand with financing cost of 10% per-annum charged on the outstanding loan computed on a daily and non-compounding basis.
- b) AICC, a related party to the Company's directors, Goh Tian Chuan and Chen Heng Mun and wholly owned by the ultimate parent, GFB provided loans totalling USD600,000 (\$832,023) on 9 November 2018 and 12 December 2018 respectively to fund part of the CBM planned exploration activities. The loans are unsecured and repayable on demand with financing cost of 10% per-annum charged on the outstanding loan computed on a daily and non-compounding basis.

The transactions and balances for the half year ended were as follows:-

- i) During the half year ended 31 December 2018, interest of \$21,534 was payable to PTI with the loan of IDR8,161,450,000 (\$802,683) and interest accrued totalling \$824,217 owing as at 31 December 2018.
- ii) During the half year ended 31 December 2018, interest of \$7,767 was payable to AICC with the loan of USD600,000 (\$850,826) and interest accrued totalling \$858,593 owing as at 31 December 2018.
- i) An amount of \$241,380 (30 June 2018: \$243,462) was payable at 31 December 2018 to NCE, a related party of the Company's directors, Kee Yong Wah, Goh Tian Chuan, Chen Heng Mun and the Company's Chairman Kong Kok Keong and a subsidiary of the ultimate parent, GFB.
- ii) An amount of \$32,817 (30 June 2018: \$32,062) was payable at 31 December 2018 to GFB, a related party of the Company's directors, Goh Tian Chuan, Chen Heng Mun and the Company's Chairman Kong Kok Keong.

### NOTE 10 EVENTS SUBSEQUENT TO PERIOD END

The Company is not aware of any material events that have occurred subsequent to the period end except for the following:

- 1) Subsequent to the half year end, the Company entered into a loan agreement with AICC, a related party to the Company's directors, Goh Tian Chuan and Chen Heng Mun and wholly owned by the ultimate parent, GFB to raise USD300,000 to fund part of the CBM planned exploration activities. The loan is unsecured and repayable on demand with financing cost of 10% per-annum charge on the outstanding loan computed on a daily and non-compounding basis.

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 December 2018**

- 2) Subsequent to the half year end, the Company increased its participating interest ("PI") in the Muralim PSC by entering into a Withdrawal and Assignment Agreement with Medco. NuEnergy is the operator of the Muralim PSC and holds a 50% PI in the Muralim PSC, with Medco holding the other 50% PI. Agreement has been reached to transfer the 50% PI to NuEnergy subject to government approval. Under the agreement, Medco will assigned all its rights, obligations and liabilities under the PSC and Joint Operating Agreement relating to its withdrawing PI that will be transferred to NuEnergy.
- 3) Subsequent to the half year end, the Company executed the Muralim Gross Split PSC with the Indonesian Ministry of Energy and Mineral Resources. The Company with Medco, its partner to the Muralim PSC and the Indonesian Government have agreed to amend and restate the Muralim PSC to the Gross Split scheme. The Gross Split scheme will provide flexibility to the business and the regulatory processes as well as operational execution in order to achieve the highest level of efficiency which is required by the low cost and fast moving CBM industries at the current stage in Indonesia.

## DIRECTORS' DECLARATION

In the opinion of the directors of NuEnergy Gas Limited ("the Company"):

- (1) the condensed consolidated financial statements and notes, as set out on pages 10 to 21, are in accordance with the *Corporations Act 2001*, including:
  - (a) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the six months ended on that date; and
  - (b) complying with Australian Accounting Standards AASB 134: *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



**Kong Kok Keong**  
**Non-Executive Chairman**  
**Dated this 15th day of March 2019**



# Independent Auditor's Review Report

To the shareholders of NuEnergy Gas Limited

## Conclusion

We have reviewed the accompanying **Half-year Financial Report** of NuEnergy Gas Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of NuEnergy Gas Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2018 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Half-year Financial Report** comprises:

- Condensed Consolidated statement of financial position as at 31 December 2018;
- Condensed Consolidated statement of profit or loss and other comprehensive income, Condensed Consolidated statement of changes in equity and Condensed Consolidated statement of cash flows for the Half-year ended on that date;
- Notes 1 to 10 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Group** comprises NuEnergy Gas Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

## Material uncertainty related to going concern – emphasis of matter

We draw attention to Note 1(d), "Going Concern" in the Half-year Financial Report. The conditions disclosed in Note 1(d) indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the Half-year Financial Report. Our conclusion is not modified in respect of this matter.

## Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that is free from material misstatement, whether due to fraud or error.

## Auditor's responsibility for the review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Half-year Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of NuEnergy Gas Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



KPMG



Daniel Camilleri  
Partner

Sydney  
15 March 2019