

2 April 2019

NUENERGY SIGNS INVESTMENT AGREEMENT WITH STRATEGIC ASIAN INVESTOR TO FUND ITS INDONESIA COAL BED METHANE EXPLORATION AND PRODUCTION

NuEnergy Gas Limited (ASX:NGY) ("NuEnergy" or "the Company") is pleased to announce the signing of a binding Investment Agreement ("IA") with Saujana E&P Sdn Bhd ("Saujana E&P") to fund the development for its Indonesian Coal Bed Methane ("CBM") Production Sharing Contract ("PSC") programs and the Tanjung Enim PSC Plan of Development ("TEPOD").

Saujana E&P is a private limited investment holding company formed and based in Malaysia. Saujana E&P is principally engaged in investment in oil and gas exploration and production businesses. Comprised of a core management team and professionals with extensive experience and specialization in the oil and gas industry in the Southeast Asia region and internationally, Saujana E&P has an ambitious plan to be a major energy provider especially in clean energy.

Subject to the Company and Globaltec Formation Berhad (the ultimate parent company) obtaining the necessary shareholder approvals, Saujana E&P has agreed to take up a strategic investment in NuEnergy via a share placement of 1,540,832,050 new NuEnergy shares equivalent to a controlling 51% of the enlarged share capital of NuEnergy at a placement price of \$0.025 per share with a total subscription value of \$38,520,801 ("Share Placement") upon the terms and subject to the conditions of the IA.

Key terms and conditions of the IA:-

- 1) Saujana E&P is to pay \$7,014,590 ("Deposit") to the Company within 14 business days from the execution of the IA. The Deposit is secured by 280,583,614 NuEnergy shares ("Pledged Shares") pledged (by way of a specific security interest) by existing major shareholder New Century Energy Resources Limited ("New Century") in favour of Saujana E&P pursuant to a pledge agreement. Saujana E&P will fully withdraw the pledge over the Pledged Shares upon completion of the Share Placement. The Company may fully utilise the Deposit for its Indonesian CBM PSC programs on payment of the Deposit and prior to the completion of the Share Placement and the Deposit shall be deemed to be utilised and applied as part payment for the subscription value for the Share Placement.
- 2) The Share Placement is conditional upon and subject to:-
 - a) the successful completion of the due diligence by Saujana E&P. Saujana E&P has a period of up to 31 May 2019 to complete due diligence on the Company and its subsidiaries.
 - b) Globaltec Formation Berhad and the Company obtaining respective shareholders approval, as well as approval of any required regulatory authority for either company.

- 3) If the Company is unable to obtain all requisite approvals for the Share Placement including shareholders' approvals and regulatory approvals by 15 August 2019, Suajana E&P will be entitled to terminate the IA, or both parties may negotiate for an extension of time to obtain the requisite approvals for the Share Placement.
- 4) If Suajana E&P exercises its right to terminate the IA, Suajana E&P may require that New Century transfer some or all of the Pledged Shares to it in satisfaction of NGY's obligation to pay the Deposit.
- 5) In the event that not all the Pledged Shares are transferred to the Investor, NuEnergy has agreed to indemnify New Century, such that NuEnergy will be required to pay any balance remaining to the Investor up to the maximum amount of the Deposit, being \$7,014,590. In that event, NuEnergy will have 12 months to pay New Century, or such longer period so as to ensure that NuEnergy remains solvent and is able to repay other creditors.
- 6) NuEnergy has negotiated and agreed terms of the investment by the Investor and the indemnity in favour of New Century which are, in the Board's opinion, in NuEnergy's best interest and will not materially prejudice NuEnergy, its shareholders or its ability to pay any creditors, and which also represent favourable funding terms given NuEnergy is able to utilise the Deposit immediately after being received.
- 7) The transaction will also result in changes to NuEnergy's board. Upon payment of the Deposit, Suajana E&P is entitled to nominate replacements of up to 2 directors, or such other number of replacement directors so that the majority of the board is not comprised of appointees of Suajana E&P. Suajana E&P will not be entitled to any other board appointments until the Share Placement is complete.
- 8) Upon completion of the Share Placement, Suajana E&P is entitled to nominate 4 members to the board out of a total of 5 members of the board including the position of Chairman.
- 9) A general meeting to seek shareholder approval is to be convened as soon as the Company is able to do so, for the purpose seeking approval pursuant to the Corporations Act. The Company will be obtaining an independent expert's report to assist eligible shareholders in considering approval of the Share Placement.

NuEnergy, Deputy Executive Chairman, Kee Yong Wah said:

"The signing of this binding Investment Agreement is a major step forward for NuEnergy. Suajana E&P will provide the strong capabilities to build on NuEnergy's existing expertise in the Coal Bed Methane industry. The proceeds from this raise will strengthen the operational and financial position of NuEnergy. NuEnergy is well positioned to fund the South Sumatra PSC to progress to the Plan of Development ("POD") and the TEPOD and start the transition to becoming a significant gas producer".

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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 (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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