

June 2016

HIGHLIGHTS

- **Drilling completion for Pilot Production Program (“PPP”) at Tanjung Enim Production Sharing Contract (“PSC”).**
- **Dewatering and production testing commenced for the PPP with encouraging indicators.**

CHAIRMAN’S COMMENTS

We are pleased to update on the progress of our first Pilot Production Program at the Tanjung Enim PSC where we have completed drilling during the quarter and commenced dewatering and production test. Though we are still at the initial stages of dewatering and production testing, we are encouraged by the early indicators. With the prospect of this underlying asset, we would expect a favourable outcome when we upgrade this asset through reserves booking.

Operations Report

During the quarter, NuEnergy continued to focus its operations on the drilling campaign in the Tanjung Enim PSC, South Sumatra with the aim of upgrading resources and proving reserves.

NuEnergy completed drilling another three pilot wells, TE-11, TE-13 and TE-14 to the targeted depth of between 408 meters to 460 meters. Results from logging revealed coal seams with total thickness of up to 45 meters with over 12 meters from a single seam.

The results were expected and confirmed the consistency of the reservoir parameters from the two pilot wells drilled in the previous quarter and the other Tanjung Enim PSC wells, TE-007C, TE-008C and TE-009C drilled in 2015 that shows geological parameter similarities with other proven successful CBM basins.

Upon the completion of drilling, the campaign moved to the next phase of dewatering and production testing. The initial production performances were encouraging and NuEnergy will continue to monitor the production performance in preparation to upgrade the asset through reserves booking.

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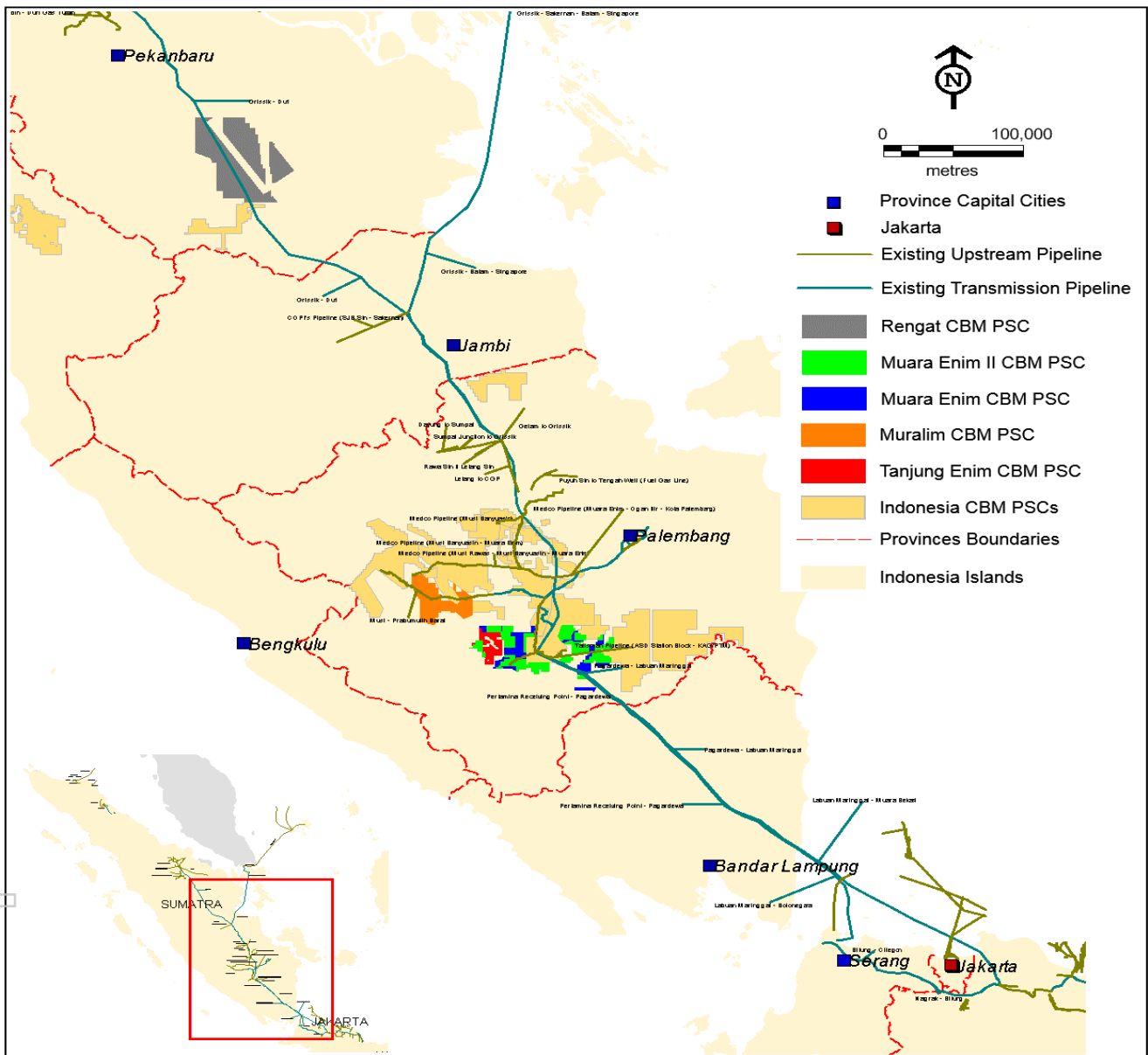
PPP Surface Facility – Dewatering and production testing



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Tanjung Enim PSC covers 249.10 km² of the South Sumatra basin and is situated in the most prolific CBM basin in Indonesia with existing gas pipelines infrastructure nearby. NuEnergy has a 45% working interest in the PSC and is the operator of the PSC. NuEnergy has the potential to develop and operate a large scale CBM in South Sumatra as the Tanjung Enim PSC is situated close to other NuEnergy PSC's, the Muara Enim PSC, Muara Enim II PSC and Muralim PSC.

Map of NuEnergy PSCs in South Sumatra and gas pipeline infrastructure



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ABOUT NUENERGY GAS LIMITED

NuEnergy Gas Limited (NuEnergy) 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.

Shareholder Enquiries

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