NuEnergy
ABN 50 009 126 238

ASX ANNOUNCEMENT

22 February 2017

NUENERGY RECEIVES RESERVES CERTIFICATION FOR THE TANJUNG ENIM PILOT PRODUCTION PROGRAM

Highlights

- **Initial certification of 1P, 2P and 3P Reserves for the TEPPP secured.**
- **Plan of Development ("POD") planning and preparation underway for initial commercialisation of the Tanjung Enim Production Sharing Contract.**

NuEnergy Gas Limited (ASX:NGY) ("NGY" or "the Company") is pleased to announce that it has achieved a significant milestone in the Company's development and growth, with the independent initial certification of Reserves for its Tanjung Enim Pilot Production Program ("TEPPP").

The Chairman, Mr. Kong Kok Keong commented:-

"Achieving the Reserves Certification for this TEPPP further confirms our belief in the future potential of the Tanjung Enim Production Sharing Contract ("PSC") asset. This is a major milestone and the first step in unlocking substantial value for NuEnergy to move forward to commercialise its large gas asset position in Indonesia".

Tanjung Enim PSC

Tanjung Enim PSC is located in Muara Enim Regency, South Sumatra Province and was awarded to Dart Energy (Tanjung Enim) Pte. Ltd., a subsidiary of NuEnergy, by the Government of Indonesia on 4 August 2009 for a period of 30 years. The exploration period under the PSC was for six years up to August 2015. The Company was granted an exploration period extension for another four years up to August 2019. The contract area comprises of a total of 250.2 square kilometres after its final relinquishment obligation with the Company as the Operator with a 45% participating interest in the PSC. The PSC was reported to have an average of 40 to 49 meters of net coal thickness, low rank coal seams ranging in depth from 300 meters to 700 meters with an average reported gas content ranging from 80 to 110 standard cubic foot/ton ("scf/ton").

Dart Energy (Tanjung Enim) Pte. Ltd. has entered into a Memorandum of Understanding ("MOU") with PT Shalindo Energi to explore market and feasibility for gas sales from the Company's existing TEPPP wells located in the north-west area of the PSC.

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Evaluation and Initial Certification of Reserves for TEPPP

The Company successfully embarked on the TEPPP by drilling 5 wells (TE-10, TE-11, TE-12, TE-13 and TE-14) and carrying out production tests in early 2016. The focus of the Company's work program for the remainder of 2016 was to generate the production data and parameters from the TEPPP to upgrade its reserves.

The reserves initial certification was completed by RPS Energy Consultants Limited ("RPS"), an independent consulting firm in accordance with the Society of Petroleum Engineers Petroleum Resources Management System ("SPE PRMS").

RPS's approach in conducting the evaluation was to evaluate the initial production results of the TEPPP wells and to determine the Reserves in the immediate vicinity of the tested wells. The evaluation was based on data as at 1 December 2016. The resulting reserves are summarised in the TEPPP Reserves Statement. Volumes from the TEPPP wells not assigned to Reserves have been classified as Contingent Resources. RPS has not certified Reserves for the PSC as a whole and similarly has not assigned Contingent Resources to the entire PSC block.

RPS has evaluated the 5 wells of the TEPPP which all have produced gas to surface at various production levels, however only wells TE-11, TE-13 and TE-14 have continuous gas production at the period of evaluation that enables the produced gas volumes to be considered to be classified as Proved Reserves.

RPS reviewed the production data and the Company's well models and made appropriate adjustments where necessary to the models. The resulting models were utilised to derive probabilistic production forecasts for the three wells under consideration (TE-11, TE-13 and TE-14) for the Low scenario and five wells (TE-10, TE-11, TE-12, TE-13 and TE-14) for the Best and High Scenarios.

In determining the reserves, RPS conducted an economic evaluation based on the estimates of recoverable volumes from the TEPPP wells, NGY's capital and operating expenditures and other financial assumptions.

The 5 wells evaluated and the immediate vicinity covers an area of 0.8 km^2 in the north-west area of the PSC which comprise 0.3% of the PSC acreage. The Company intends to develop the PSC in a number of phases, with the initial phase likely to consist of the TEPPP wells area.

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TEPPP Reserves Statement

The following table summarises the TEPPP certification statement:

	Gross 100% License Basis [1]			NuEnergy's Net Working Interest Basis [2]			NuEnergy's Net Entitlement Basis [3]		
	1P	2P	3P	1P	2P	3P	1P	2P	3P
Gas Reserves (Bscf) [4]	0.27	0.64	0.83	0.12	0.29	0.38	0.11	0.26	0.34
	Gross 100% License Basis [1]			NuEnergy's Net Working Interest Basis [2]					
	Low	Best	High	Low	Best	High			
Contingent Gas Resources (Bscf) [5]	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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Tanjung Enim PSC Reserves and Resources Update

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^2 to 65km^2 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) [1, 4]		Category	Unrisked Prospective Gas Resources (Bscf) [2, 5]	
	Gross	Participating Interest [3]		Gross	Participating Interest [3]
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

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^2 and 65km^2 with a best estimate of 60km^2.
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 comparing this initial certification of Reserves and Resources with that prepared by NSAI in July 2012, the updates are:

1) Initial certification of 1P, 2P and 3P Reserves for the TEPPP and the immediate vicinity of the tested wells located in the north-west area of the PSC covering an area of 0.8 km^2.
2) The volumes that are not assigned to the MOU for the gas sales from the TEPPP are classified as Contingent Resources.

RPS has not reviewed, and does not provide an update to, the 2012 NSAI Resource assessment of areas outside of the TEPPP.

Planning towards Commercial Development

The TEPPP 2016 work program and the independent initial certification of Reserves for the TEPPP provides the platform for NuEnergy to prepare the POD for approval from the Government of Indonesia and to move towards commercialising its Tanjung Enim PSC gas asset in Indonesia.

The main focus for NuEnergy in 2017 will be to prepare the POD for approval and proceed with the development stage. As NuEnergy works to complete the required steps and obtain the necessary approvals for the POD, further increases in Reserves from Contingent Resources and from Prospective to Contingent Resources are expected.

Similarly, NuEnergy continues to make good progress on the TEPPP and is targeting the commercialisation and gas sales post POD approval from the Government of Indonesia.

Compliance Statement

The Certification of Reserves provided in this announcement has been prepared by Mr Gordon Taylor of RPS and personnel under his supervision in accordance with Petroleum Resource Management System guidelines. Mr Taylor is Director of Consulting for RPS. He is a Fellow of The Geological Society and Chartered Geologist ("C.Geol"), Member and Chartered Engineer ("C.Eng") of the Institute of Materials, Mining and Metallurgy, Member of the American Association of Petroleum Geologist ("AAPG"), Certified Petroleum Geologist of the Professional Affairs Division of the AAPG, and Member of the Society of Petroleum Engineers and a qualified person as defined under Chapter 19 of the ASX Listing Rule. Mr Taylor has given his consent to the use of the form and context of the Reserves Certification figures in this announcement.

ABOUT NUENERGY GAS

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 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.

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