NuEnergy
ABN 50 009 126 238

QUARTERLY REPORT

March 2018

HIGHLIGHTS

- **Indonesian CBM Reserves Certification received for Tanjung Enim PSC**
- **Tanjung Enim PSC Plan of Development progressing to the final stages of preparation**
- **Muara Enim II PSC granted Exploration Period extension for four years**

DEPUTY EXECUTIVE CHAIRMAN'S COMMENTS

We are at the final stage of the Plan of Development ("POD") preparation and eager to deliver the first Indonesia Coal Bed Methane ("CBM") POD to provide a clear pathway to unlock the substantial underlying value of NuEnergy's asset.

Operations Report

During the quarter, NuEnergy's operations were mainly focused on the POD preparation for the Tanjung Enim Production Sharing Contract ("PSC").

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

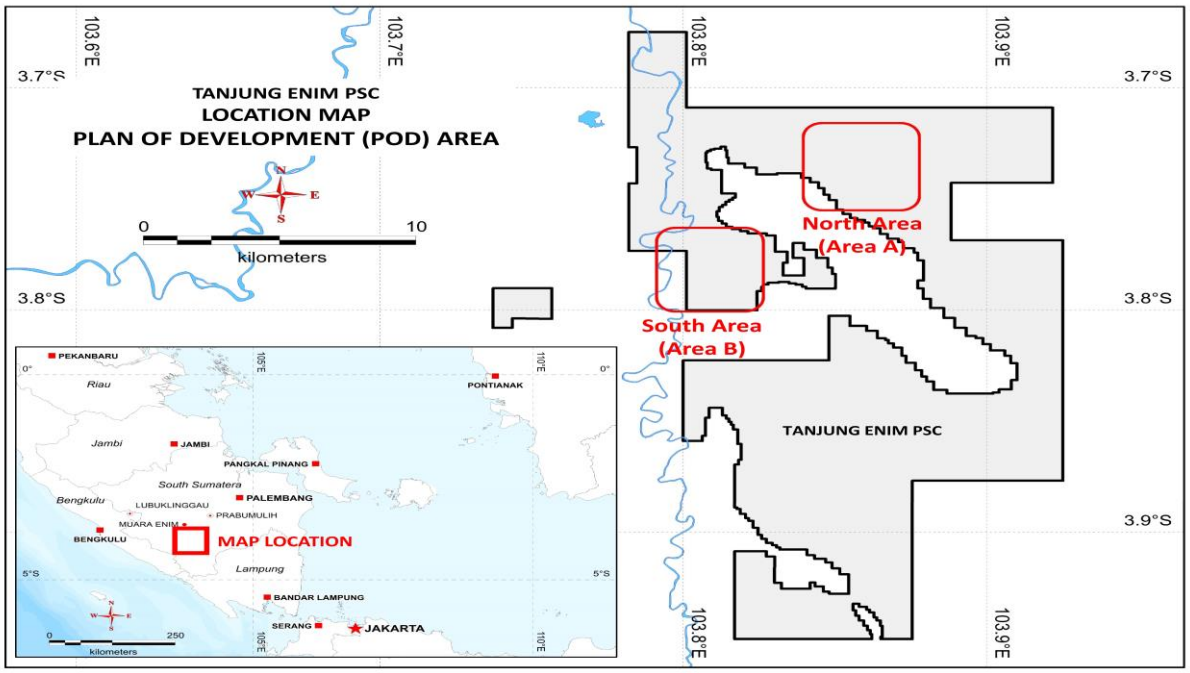
NuEnergy received approval from the Indonesian Special Task Force for Upstream Oil and Gas Business Activities (commonly referred to as SKK Migas) in August 2017 for the POD preparation. The proposed concept for the initial POD plans for the development in two target areas, in the north and south of the PSC covering 33 km^2 where NuEnergy has focused exploration, drilling and pilot production activities over the last 8 years. The POD preparation continued throughout the quarter and focussed on the coal bed methane ("CBM") resource verification and reserves certification, detailed subsurface evaluation, reservoir modelling, pre-Front End Engineering and Design study on the development layout and selection of the facilities design, drilling / well completion design, environmental study, other non-subsurface related survey and activities and gas sales negotiation. These processes are now into the final stages.

In January 2018, the Indonesia Research and Development Center for Oil and Gas Technology (commonly referred to as LEMIGAS) completed the CBM resources verification and reserves certification on the POD target development areas. LEMIGAS is the Indonesian government research and technology institution operating in the area of upstream and downstream oil and gas business and has key roles in the development of the oil and gas industry through research, engineering and development activities. The CBM reserves certification is one of the compulsory processes for the POD submission in Indonesia that must be administered by an Indonesian government accredited agency such as LEMIGAS.

The CBM reserves certification confirmed 86.05 Bscf for P1 and 78.84 Bscf for P2 totalling ~165 Bscf for the POD target development areas that has been identified in the north and south area of the Tanjung Enim PSC covering 33 km^2. This will form the basis of the overall POD proposal to be submitted to the Indonesia Minister of Energy and Mineral Resources for approval. The LEMIGAS reserves will enable NuEnergy to deliver about 25 MMSCFD to the market through the development of over 200 wells once the POD is approved.

For details of the LEMIGAS reserves certification, see Annexure 1 and ASX announcement made on 19 January 2018. In accordance with ASX Listing Rule 5.43.2, NuEnergy confirms that it is not aware if any new information or data that materially affects the information included in Annexure 1 and the ASX announcement made on 19 January 2018 and that all the material assumptions and technical parameters underpinning the estimates in same continue to apply and have not materially changed.

Target Development Areas of the Tanjung Enim PSC (Initial POD)



The POD preparation is progressing through to the final stages and good progress has also been made on the surface development to manage a full range of production plateau outcomes. NuEnergy continues to target submission of the first Indonesia CBM POD by the end of April 2018.

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

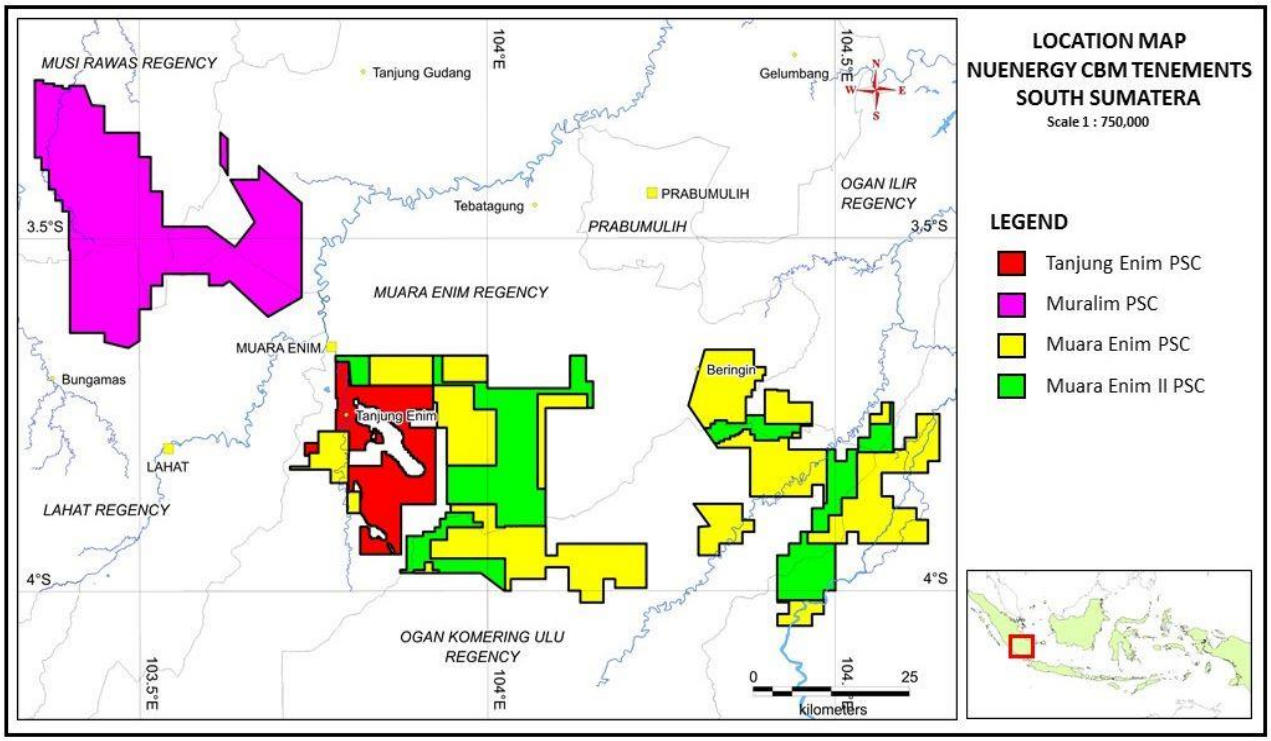
During the quarter, SKK Migas granted the Exploration Period extension to the Muara Enim II PSC for four years to 31 March 2021 after NuEnergy completed drilling three production wells in the second quarter of 2017 as part of the work to fulfil the PSC commitments to apply for the Exploration Period extension.

The drilling in 2017 revealed similar reservoir characteristics to the Tanjung Enim PSC which is located adjacent to the west of the Muara Enim II PSC and is comparable to the general reservoir characteristic of the South Sumatra basin. The results from logging of each well revealed coal seams ranging in total thickness of 41 – 53 meters and with over 12 meters thickness from a single seam.

Corporate Office
C/- KPMG, Level 38, Tower 3
International Towers Sydney
300 Barangaroo Avenue
Sydney NSW 2000
AUSTRALIA
T: +61 2 8076 7600

The drilling results also confirm the coal continuity throughout all NuEnergy's South Sumatra PSCs. NuEnergy's PSCs in South Sumatra cover a total area of 2,280 km^2 (after full relinquishment under the terms of the PSC) and are situated in one of most prolific CBM basins in Indonesia, each near major gas export pipelines, underutilised gas infrastructure and high-volume under supplied markets. NuEnergy has the potential to develop and operate a large scale CBM supply in South Sumatra with the Tanjung Enim PSC, Muara Enim PSC, Muara Enim II PSC and Muralim PSC located in close proximity to one another.

The Muara Enim II PSC located among NuEnergy South Sumatra PSCs



Corporate Office
C/- KPMG, Level 38, Tower 3
International Towers Sydney
300 Barangaroo Avenue
Sydney NSW 2000
AUSTRALIA
T: +61 2 8076 7600

NuEnergy
ABN 50 009 126 238

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
Rozanna Lee
Company Secretary
+61 2 8076 7600

NuEnergy
ABN 50 009 126 238

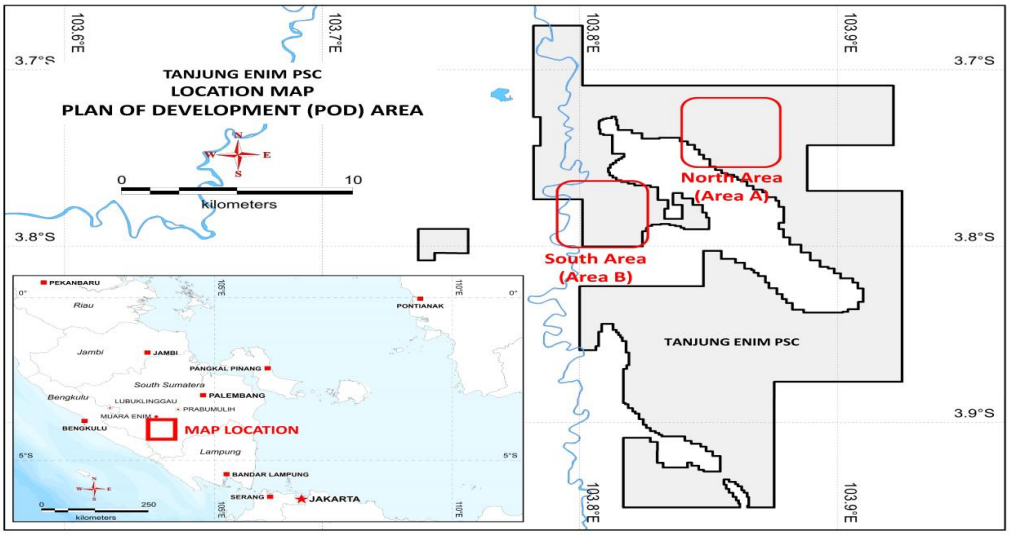
Annexure 1

Indonesian CBM Reserves Certification for the Tanjung Enim PSC Initial POD (refer ASX announcement on 19 January 2018).

The CBM reserves certification is one of the compulsory and required processes for the POD submission in Indonesia that must be administered by an Indonesian government accredited agency such as LEMIGAS.

The CBM reserves certification covers the POD target development areas that has been identified in the north (Area A) and south (Area B) area of the Tanjung Enim Production Sharing Contract ("PSC") covering 33 km^2 that will form the basis of the overall POD proposal to be submitted to the Indonesia Ministry of Energy and Mineral Resources for approval.

Target Development Areas of the Tanjung Enim PSC (Initial POD)



In preparing the reserves certification, the quantities of the CBM reserves have been estimated by LEMIGAS based on the most known standard integrated approaches of geological, geophysical and engineering methods which are generally accepted in the CBM industry and oil and gas industry in Indonesia.

The reservoir characterisation was established based on 17 wells drilled before 2017 although no new wells were drilled for the purpose of this reserves certification. However, LEMIGAS has corroborated all the available data from the coal core holes, conventional well data and existing seismic. Using static modelling with the available data from the geological and geophysical analysis, well logs, CBM laboratory data and injection fall-off tests, the Original Gas In Place was generated. The reserves figures were estimated as results of prediction using the Dynamic Modelling which are consistent with the reserves and resources certification for the Tanjung Enim PSC Pilot Production Program ("TEPPP") in February 2017.

The following table summarises NuEnergy's participating interest from the LEMIGAS reserves certification classified as P1 (proved) and P2 (probable) deliverable gas reserves reported as gross interest in the announcement dated 15 January 2018:

Area	Original Gas In Place (Bscf)		Remaining Gas Reserves (Bscf)		Remaining Gas Reserves NuEnergy Participating Interest (Bscf)		
A	56.239	74.575	43.968	58.304	19.786	26.237	
B	57.986	28.299	42.079	20.537	18.936	9.242	
Total	114.225	102.874	86.047	78.842	38.722	35.479	

The reserves reported by LEMIGAS were not reported net of inert gases and fuel.

Corporate Office
C/- KPMG, Level 38, Tower 3
International Towers Sydney
300 Barangaroo Avenue
Sydney NSW 2000
AUSTRALIA
T: +61 2 8076 7600

Comparison of LEMIGAS Reserves Certification to previously reported reserves and resources

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 February 2017, RPS Energy Consultants Limited ("RPS") estimated the reserves in the South area (Area B) by evaluating 5 wells drilled for the TEPPP and the immediate vicinity covering an area of 0.8 km^2. The TEPPP reserves and resources are summarised below:-

	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.

Corporate Office
C/- KPMG, Level 38, Tower 3
International Towers Sydney
300 Barangaroo Avenue
Sydney NSW 2000
AUSTRALIA
T: +61 2 8076 7600

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.

By comparing the LEMIGAS CBM reserves certification with the estimates prepared by NSAI in July 2012 and RPS in February 2017, NGY provides the following updates and objectives:-

1) The LEMIGAS CBM reserves certification confirms the reserves for the POD target development areas concentrated in the North (Area A) and South (Area B) area of the PSC covering a total acreage of 33 km^2.
2) The LEMIGAS CBM reserves certification is one of the compulsory and required processes for the POD submission in Indonesia.
3) The LEMIGAS CBM reserves certification has been prepared based on the most known standard integrated approaches of geological, geophysical and engineering methods which are generally accepted in the CBM industry and oil and gas industry in Indonesia.

Corporate Office
C/- KPMG, Level 38, Tower 3
International Towers Sydney
300 Barangaroo Avenue
Sydney NSW 2000
AUSTRALIA
T: +61 2 8076 7600