

June 2014

HIGHLIGHTS

- **NuEnergy concludes binding Investment Agreement with a Strategic Asian Investor**
- **Focus to be wholly on Indonesian operations**

CHAIRMAN'S COMMENTS

"After ongoing negotiations during the quarter, NuEnergy was pleased to sign a binding Investment Agreement at the beginning of the current month with a strategic Asian investor to fund the development of the Indonesian CBM program through recapitalisation of NuEnergy. The investor provides impressively strong technical capabilities and service skills for Coal Bed Methane drilling and well completion as well as having extensive operating experience in China, Australia, Malaysia and Indonesia. I look forward to working with the new investor to successfully develop CBM in South Sumatra, build a close working relationship with our partner, PERTAMINA, oversee the recapitalisation of the group and enhance NuEnergy value to its shareholders."

INDONESIA

South Sumatra

During the quarter NuEnergy continued negotiations with Strategic Investors for the potential farm-out of the Rengat PSC and a recapitalisation of the group. As part of the recapitalisation of NuEnergy the Company intends to solely focus on its three Indonesian Production Sharing Contracts (PSCs). NuEnergy's core PSCs in South Sumatra will be the primary focus with the Company aiming to drill further pilot wells at its Muara Enim PSC and commence drilling at the Muara Enim II PSC, including a focus on the western area.

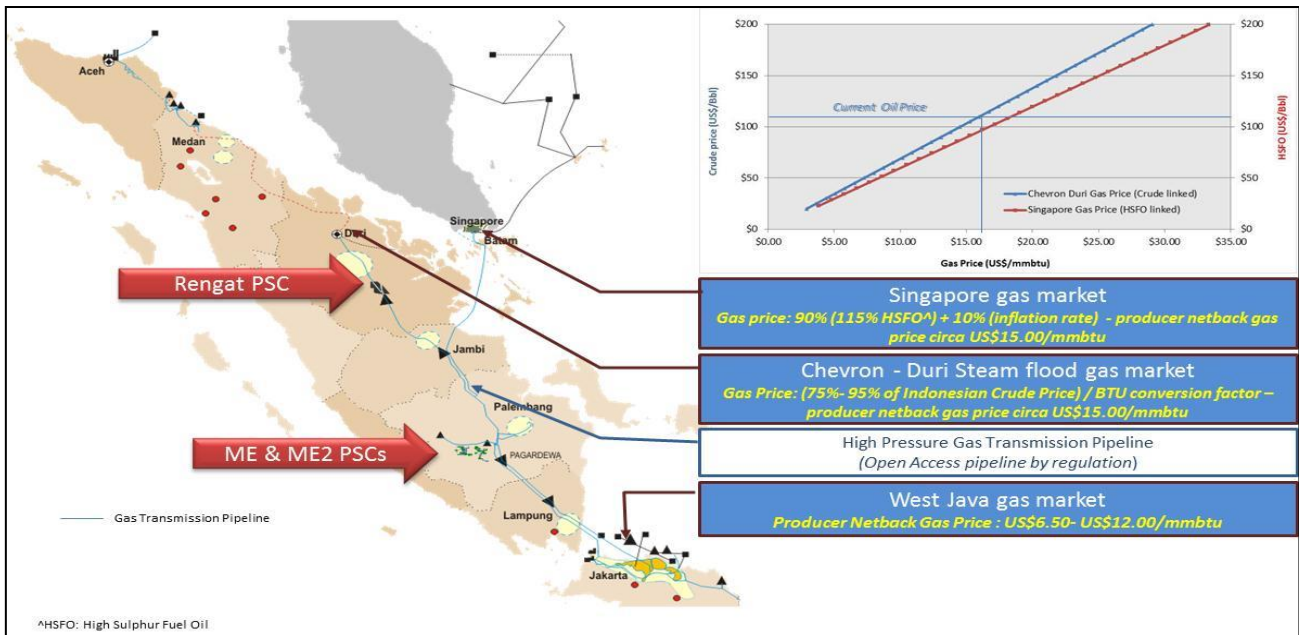
Operations are set to recommence at the Muara Enim Pilot well#2 site with the tendering process to be completed during the next quarter. The entry of a new strategic investor will assist NuEnergy with its drilling program. During the quarter representatives from MIGAS visited NuEnergy's proposed drill sites and the permitting procedures are now close to completion.

Rengat PSC

The secondary focus in Indonesia will be completing a farm out transaction for the Rengat PSC focusing on drilling wells that intersect the identified 15 metre coal seam revealed after extensive geological and geophysical work completed in 2013.

NuEnergy has a 100% interest in Rengat PSC (located in the Central Sumatra coal basin in the vicinity of a major gas pipeline from Jakarta to the Chevron Duri Steam Flood project and related infrastructure). The recently agreed Investment Agreement includes a provision for a farm-out of the Rengat PSC.

Location Map – NuEnergy’s Indonesian PSCs and surrounding infrastructure



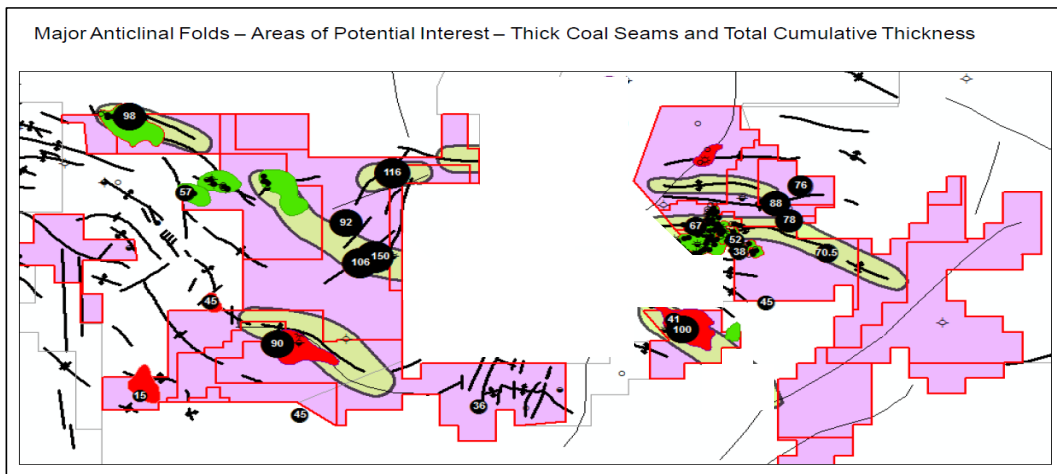
NuEnergy South Sumatra Basin Mapping Show Major Coal Seams Across Concession Areas:

NuEnergy continues to focus on completing the current first Pilot Project and developing its 2014/15 program to appraise the productivity of gas resources in the Muara Enim and Muara Enim II PSC's.

The 2014/15 pilot projects will be targeted at:

- ✓ confirming "sweet spot" areas via G&G work for appraisal;
- ✓ generating further proof of concept of the productivity of coal seams to investors;
- ✓ providing water and gas production curves for reservoir engineering and gas recovery estimates;
- ✓ generating early cash flows and booking additional resources reserves; and
- ✓ optimising completion and drilling techniques in coal seams which are up to 40 metres thick continuous and 150 metre cumulative thickness in some areas,

all with a view to support a significant gas project development in the order of 25 mmscfd.



AFRICA

Based on the core focus on Indonesia, during the quarter NuEnergy began discussions regarding the transfer of its Mozambique interests to NuAfrica Gas Limited (a wholly owned subsidiary of NuEnergy). Intrasia Capital Pte Ltd, a Singapore-based investment company and related party of the Company's Chairman, Graeme Robertson, will acquire the interests in NuAfrica Gas Limited. The acquisition for the interests in NuAfrica Gas Limited is based on direct and indirect exploration costs incurred in Mozambique. NuEnergy has not applied for or been granted any concessions or permits in Mozambique.

ABOUT NUENERGY GAS LIMITED

NuEnergy Gas Limited (ASX:NGY) is an emerging ASX listed gas and ancillary power generation development company with an immediate focus on establishing unconventional gas exploration & production in Indonesia.

The company's overall strategy is to rapidly prove up CBM and shale gas resources and bring these resources to production through small scale power generation and connection to the local gas grid.

NuEnergy has secured strategically located CBM and shale gas concessions in areas that are short of power supply, where there is a significantly undersupplied gas market and/or where there is abundant gas and power infrastructure to take gas or power to market.

NuEnergy has three operated PSCs in Indonesia.

Yours sincerely



Rozanna Lee
Company Secretary
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Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

NuEnergy Gas Limited

ABN

50 009 126 238

Quarter ended ("current quarter")

30 June 2014

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (twelve months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation	(130)	(601)
(b) development	(569)	(4,901)
(c) production		
(d) administration	(338)	(1,681)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received		11
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)	(9)	(31)
	(1,046)	(7,203)
Net Operating Cash Flows		
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects		
(b) equity investments		
(c) other fixed assets		
1.9 Proceeds from sale of: (a) prospects		
(b) equity investments		
(c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
	-	-
	Net investing cash flows	
1.13 Total operating and investing cash flows (carried forward)	(1,046)	(7,203)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,046)	(7,203)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		1,868
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)	100	927
	Net financing cash flows	100	2,795
	Net increase (decrease) in cash held	(946)	(4,408)
1.20	Cash at beginning of quarter/year to date	1,009	4,473
1.21	Exchange rate adjustments to item 1.20	1	(1)
1.22	Cash at end of quarter	64	64

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	117
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

1.23 includes Directors fees, salaries, consulting fees, management fees and expense reimbursements.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

The \$827,000 in 1.19 above relates to refundable deposits due to NuEnergy under the terms of the Muara Enim Production Sharing Contract (PSC) in South Sumatra, Indonesia. These deposits supported bank guarantees held in place until the first three years of the Muara Enim PSC commitments had been fulfilled.

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	50
4.2 Development	1,500
4.3 Production	
4.4 Administration	400
Total	1,950

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	44	387
5.2 Deposits at call	20	622
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	64	1,009

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	-	-	-
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1				
7.2				
7.3	335,020,698	335,020,698		
7.4				
7.5				
7.6				
7.7			<i>Exercise price</i>	<i>Expiry date</i>
	1,250,000		\$0.80	01-Dec-2014
	500,000		\$0.122	20-Dec-2014
	5,050,000		\$0.12	12-Dec-2017
7.8			<i>Exercise price</i>	<i>Expiry date</i>
7.9			<i>Exercise price</i>	<i>Expiry date</i>
7.10			<i>Exercise price</i>	<i>Expiry date</i>
	1,250,000		\$0.60	01-Jun-2014

+ See chapter 19 for defined terms.

7.11	Debentures <i>(totals only)</i>	-	-	
7.12	Unsecured notes <i>(totals only)</i>	-	-	

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 31 July 2014
Company Secretary

Print name: Rozanna Lee

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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