

NEW GUINEA ENERGY LTD

Quarterly Report for the period
ending 30 September 2015



Quarterly Activities Report
Period Ending 30 September 2015

27 October 2015

Market Announcements Office
ASX Limited

Quarterly Activities Report – Period Ending 30 September 2015

New Guinea Energy Ltd is pleased to provide the following report on its activities for the period ending 30 September 2015 and its Appendix 5B for the period.

Any queries should be directed to the Company email address office@ngenergy.com.au or the Company Secretary on 03 9692 7222.

Grant Worner
Managing Director

ACTIVITIES REPORT
QUARTER ENDED 30 September 2015

HIGHLIGHTS

- There was overwhelming shareholder support to change the composition of the Board of New Guinea Energy Ltd (**NGE** or **Company**) at a General Meeting (**GM**) on 15 July 2015.
- The Company completed and announced the results of its strategic review on 13 October 2015.
- Implementation of the strategy has grown the Company's cash balance from A\$15.2M at the time of the GM to A\$19.0M (A\$12.9M, PGK11.7M, US\$0.2M), predominantly through partial recovery of excess loans that had been made to the Western Drilling Limited (**WDL**) joint venture.
- Barring any unforeseen circumstances NGE expects to receive an additional US\$0.7M from WDL in the December quarter.

CORPORATE

After assessing NGE's capabilities, assets, investments, financial position, overheads, historical performance and future opportunities, the Board resolved to implement a new corporate strategy:

"NGE will aim to use its strong balance sheet and potential future revenues to invest in attractive opportunities, with the objective of maximising returns for shareholders. The Company will shift from investing in few, high cost, high risk activities to lower risk investments aimed at delivering benefits for shareholders over the medium to long term."

There have been three objectives in the first stage of implementing this strategy:

1. To define, consolidate and rationalise NGE's core business and assets;
2. To minimise ongoing overheads; and
3. To maximise the Company's cash balance.

NGE's current assets grew by circa 25% in the September quarter after rationalising and consolidating the business.

The Company is in the early stage of looking for and assessing investment opportunities consistent with the new corporate strategy.

50% JOINT VENTURE IN WESTERN DRILLING LIMITED

As at 31 December 2014 NGE had loaned WDL a total of US\$11.4M. Initial loans from the joint venture partners, NGE and Maps Tuna, were US\$5M each and subsequent excess loans from NGE were US\$6.4M. As partial payment of NGE's excess loans NGE received US\$1.9M from WDL in the second quarter of 2015 and then reloaned US\$1M back to WDL in the first two weeks of July.

Over the last 3 months NGE has:

- recovered PGK7.8M (approximately US\$2.7M) in excess loan repayments from WDL and expects to receive an additional circa PGK2M (approximately US\$0.7M) in the fourth quarter;
- worked to set WDL up as a stand-alone business; and
- begun conversations with interested parties to secure the rig's next tender and to sell equity in the business.

As at 30 September 2015 NGE's total outstanding loan to WDL was US\$7.8M and accrued unpaid interest was US\$3.3M.

PNG LICENCES

During the quarter the Company announced that the joint venture application to surrender the Petroleum Prospecting Licence 268 had received Ministerial approval. All exploration expenditure on this licence had already been fully impaired.

USE OF CAPITAL

On 17 July 2015 the Board announced its intention to undertake an on-market share buy-back of up to 10% of the Company's issued Capital over the next 12 months. No shares have been bought back by the Company to date.

On 27 July 2015 the Equity Line of Credit established in 2010 originally for \$25M and expanded to \$40M with YA Global Master SPV Ltd expired without any of the facility being drawn down.

PLANS FOR THE DECEMBER QUARTER

During the quarter the Company will continue to implement the strategy announced on 13 October 2015, including:

- Redundancies and employment terminations in Australia and PNG;
- Relocation of the Port Moresby office to cheaper premises and termination of the Brisbane and Sydney offices and Port Moresby accommodation;
- Sale of non-core assets;

Quarterly Activities Report
Period Ending 30 September 2015

- Recovery of excess loans from WDL;
- Conversion of currency holdings to Australian dollars to maximise the Australian dollar-denominated cash balances and minimise currency risks;
- Farm-out discussions for NGE's licences in PNG;
- Conversations with interested parties to secure the WDL rig's next tender and to sell equity in the business; and
- Evaluation of investment opportunities consistent with the new corporate strategy.

Change to Principal Place of Business

NGE advises that its principal place of business will be relocated at the end of October 2015 to its current registered office being, Level 4, 100 Albert Road, South Melbourne, Victoria, 3205.

INTERESTS IN PETROLEUM PROSPECTING LICENCES (PPL)

Petroleum Prospecting Licences	Location	AREA km ²	Beneficial Percentage held	Interest acquired/farm-in during the quarter	Interest disposed/farm-out during the quarter
PPL 266	Onshore Papuan Basin, Papua New Guinea	4,175	100%	-	-
PPL 267	Onshore Papuan Basin, Papua New Guinea	3,317	100%	-	-
PPL 268	Onshore Papuan Basin, Papua New Guinea	2,109	-	-	50%

Disclaimer

Any forecast or other forward-looking statement contained in this announcement involves known and unknown risks and uncertainties and significant elements of subjective judgment and assumptions as to future events which may or may not be correct. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of New Guinea Energy, and may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements.

Quarterly Activities Report

Period Ending 30 September 2015

ABOUT NGE

CORPORATE DIRECTORY

Directors

David Lamm	Chairman
Grant Worner	Managing Director
Adam Saunders	Non-Executive
Sir Michael R Bromley	Non-Executive

Company Secretary

Justin Mouchacca

Registered Office

Level 4
100 Albert Road
South Melbourne VIC 3205

Telephone: 03 9692 7222
Facsimile: 03 9077 9233
Email: office@ngenergy.com.au

Website

www.ngenergy.com.au

STOCK EXCHANGE LISTINGS

ASX Limited 20 Bridge St Sydney NSW 2000	Port Moresby Stock Exchange Level 4, Defens Haus Corner Champion Parade and Hunter St Port Moresby, PAPUA NEW GUINEA	OTC Markets 304 Hudson Street, 3 rd Floor New York, NY 10013 USA
--	---	--

ASX Code: NGE

POMSoX code : NGE

OTC code: NGELY

SHARE REGISTRY

Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

Telephone:	1300 737 760 +61 2 9290 9600
Facsimile:	1300 653 459 +61 2 9290 0644
Website:	www.boardroomlimited.com.au

AUDITORS

Grant Thornton Audit Pty Ltd
Level 17
383 Kent Street
Sydney NSW 2000

Appendix 5B

Mining exploration entity and oil and gas 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, 01/05/2013

Name of entity

NEW GUINEA ENERGY LTD

ABN

31 112 618 238

Quarter ended ("current quarter")

SEPTEMBER 2015

Consolidated statement of cash flows

	Current quarter	Year to date (9 months)
	\$A'000	\$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	135
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(115) (942)	(591) (1,986)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	51	84
1.5 Interest and other costs of finance paid	-	(408)
1.6 Income taxes paid		
1.7 Other (GST)	(4)	(20)
Net Operating Cash Flows	(1,010)	(2,786)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	 (1,045)	 (3,545)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	 - 1,108	 42,017 1,108
1.10 Loans to other entities		
1.11 Loans repaid by other entities	2,318	4,936
1.12 Other (security deposit refunded)	46	92
Net investing cash flows	2,427	44,608
1.13 Total operating and investing cash flows (carried forward)	1,417	41,822

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	1,417	41,822
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings	-	(23,774)
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	-	(23,774)
	Net increase (decrease) in cash held	1,417	18,048
1.20	Cash at beginning of quarter/year to date	16,597	1,021
1.21	Exchange rate adjustments to item 1.20	944	(111)
1.22	Cash at end of quarter	18,958	18,958

Payments to directors of the entity, associates of the directors, 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	94
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Salaries, fees and superannuation contributions for directors.

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

--

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

--

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

The Company's \$40,000,000 equity subscription facility expired in July 2015 without being activated.

	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	315
4.2 Development	-
4.3 Production	-
4.4 Administration	600
Total	915

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	6,120	16,309
5.2 Deposits at call	12,838	288
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	18,958	16,597

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	PPL 268 Petroleum Prospecting Licence	50%	-
6.2	Interests in mining tenements and petroleum tenements acquired or increased	-		

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	Preference securities (description)	-	-	-
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	+Ordinary securities	849,991,193	846,541,193	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs			
7.5	+Convertible debt securities (description)	-	-	

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i>	Conversion of one ordinary share per option 400,000 33,500,000	- -	<i>Exercise price</i> 30 cents 5 cents	<i>Expiry date</i> 07 February 2016 30 November 2017
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
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 /does not* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: Date: 27 October 2015

Director



Print name: Grant Worner

+ See chapter 19 for defined terms.

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 and petroleum 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 or petroleum 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.

== == == == ==