

NEW GUINEA ENERGY LTD

Quarterly Report for the 3 months
ending 30 September 2016



Quarterly Activities Report
Period Ending 30 September 2016

27 October 2016

Market Announcements Office
ASX Limited

Quarterly Activities Report – Period Ending 30 September 2016

New Guinea Energy Ltd (**Company**) (ASX: NGE) provides the following report on its activities for the period ending 30 September 2016 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 9648 2290.

For and on behalf of the Board

Leslie Smith
Company Secretary

ACTIVITIES REPORT
QUARTER ENDED 30 SEPTEMBER 2016

ACTIVITIES

Corporate Developments

On 11 August 2016, the Company announced that, subject to obtaining the requisite approvals, it proposes to change the nature of the Company's activities to those of a Listed Investment Company, within the definition of "investment entity" in ASX Listing Rule 19 (**Proposal**).

On 12 August 2016 the ASX approved the Company's request for voluntary suspension from trade until a general meeting of members could be held to consider the Proposal.

A general meeting of members has been called for 9:00 AM (Melbourne time) on Friday 28 October 2016, at Clayton Utz Level 18, 333 Collins Street, Melbourne. The Notice of Meeting and accompanying Explanatory Memorandum was despatched to members on 27 September 2016.

Exploration Permits

PPL 269

During the quarter, it was announced that the wildcat exploration well Strickland 1 was drilling ahead toward the top of the reservoir section in the Ieru formation, having been side tracked three times.

NGE no longer has a working interest in this permit however the terms of the sale of its 50% interest to a subsidiary of Santos Limited in 2015 provided for the following consideration components in favour of NGE:

- Payment of US\$2 million in cash if a PRL is granted over any area of PPL 269; and
- Payment of a further US\$6 million cash if a PDL is granted over any area of PPL 269.
- However, if a PDL is granted prior to a PRL, a one-off payment of US\$8 million cash will be payable.

PPL 266 and PPL 267

On 11 August 2016, the Company advised that it had lodged with the Papua New Guinea Department of Petroleum & Energy applications to surrender both of PPL 266 and PPL 267. The Company has no reason to believe that the applications will not be approved, however no approval has been received to date.

Investments

No material investments were made in the quarter.

Unmarketable Parcel Share Sale Facility

On 28 July 2016 the Company announced that it was implementing a share sale facility of fully paid ordinary shares for shareholders who hold less than a marketable parcel of shares (currently determined as any shareholding valued at less than \$500). The Company has a large percentage of shareholders holding less than marketable parcels and by divesting these parcels the Company reduces its administration and share registry costs.

The voluntary suspension from ASX quotation, noted above, has prevented the Company from commencing the sale of unmarketable parcels of shares. The Company will undertake the share sale facility after re-commencement of trading.

On-market share buy-back facility

On 17 July 2015 the Company announced its intention to undertake an on-market share buy-back of up to 10% of the Company's issued capital, which at the date of that announcement equated to approximately 85 million ordinary shares. The buy-back period commenced on 3 August 2015 and concluded on 3 August 2016, with 5,005,000 shares being purchased for \$98,878.

The Board in actively managing the Company's capital reviewed the current market conditions and believes that an on-market share buy-back continues to provide the opportunity to repurchase shares at attractive valuations. Accordingly, the Board has decided to commence a new on-market share buy-back of up to 10% of the Company's issued capital, which at the date of this announcement equates to approximately 84 million ordinary shares.

This facility will remain open until the Board decides to suspend or terminate the on-market buy-back. There is no guarantee that the Company will repurchase any shares under the facility.

Quarterly Activities Report
Period Ending 30 September 2016

INTERESTS IN PETROLEUM PROSPECTING LICENCES

Petroleum Prospecting Licences	Location	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	100%*	-	<i>See footnote</i>
PPL 267*	Onshore Papuan Basin, Papua New Guinea	100%*	-	<i>See footnote</i>

* On 11 August 2016, the Company advised that it had lodged with the Papua New Guinea Department of Petroleum & Energy applications to surrender both of PPL 266 and PPL 267. The Company has no reason to believe that the applications will not be approved, however no approval has been received to date.

CASH AND LIQUID INVESTMENTS

At 30 September 2016, the Company held cash and liquid investments of \$19.0M.

The Company's cash balance at the end of September 2016 was A\$15.2M (comprising A\$12.8M, PGK4.7M and US\$0.2M), and the Company had \$3.8M of liquid investments.

OTHER

The Company's office number has changed to +61 3 9648 2290.

ABOUT NGE

CORPORATE DIRECTORY

Directors

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

Company Secretary

Leslie Smith

Registered Office

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Email: office@ngenergy.com.au

Website

www.ngenergy.com.au

STOCK EXCHANGE LISTINGS

ASX Limited 20 Bridge St Sydney NSW 2000	OTC Markets 304 Hudson Street, 3rd Floor New York, NY 10013 USA
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ASX Code: NGE

OTC Code: NGELY

SHARE REGISTRY

Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

Telephone: 1300 737 760
02 9290 9600
Facsimile: 1300 653 459
02 9290 0644
Website: www.boardroomlimited.com.au

AUDITORS

Grant Thornton Audit Pty Ltd
The Rialto Level 30
525 Collins Street
Melbourne VIC 3000

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.

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, 01/05/13, 01/09/16

Name of entity

NEW GUINEA ENERGY LTD

ABN

31 112 618 238

Quarter ended ("current quarter")

30 September 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(43)	(115)
(b) development	-	-
(c) production	-	-
(d) staff costs	(106)	(409)
(e) administration and corporate costs	(191)	(545)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	63	246
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (GST)	(2)	(2)
1.9 Net cash from / (used in) operating activities	(279)	(825)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	(252)	(4,231)
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	132	758
	(d) other non-current assets	-	21
2.3	Cash flows from loans to other entities	(67)	(67)
2.4	Dividends received (see note 3)	-	-
2.5	Other (security deposit refunded)	-	22
2.6	Net cash from / (used in) investing activities	(187)	(3,497)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (payments for share buy-back)	-	(11)
3.10	Net cash from / (used in) financing activities	-	(11)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	15,764	19,898
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(279)	(825)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(187)	(3,497)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(11)
4.5	Effect of movement in exchange rates on cash held	(103)	(370)
4.6	Cash and cash equivalents at end of period	15,195	15,195

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	2,380	3,396
5.2 Call deposits	12,815	12,368
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	15,195	15,764

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	108
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Salaries, fees and superannuation contributions for directors = \$98K
Licence fees for sub-lease of office premises from an entity controlled by the Executive Chairman – 2 months = \$10K

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	(67)
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Loans provided in the period to Western Drilling Ltd in which the Company has a 50% interest

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	-
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(200)
9.5 Administration and corporate costs	(340)
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	(540)
This total includes \$253K of expected costs associated with change in nature of activities and redundancies and entitlements of \$114K	

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	PPL 266 PPL 267	On 11 August 2016 the Company advised that it had lodged with the Papua New Guinea Department of Petroleum & Energy applications to surrender both PPL 266 and PPL 267. The Company has no reason to believe that the applications will not be approved, however no approval has been received to date.	100% 100%	100% 100%
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



(Company secretary)

Date: ...27 October 2016.

Print name: Leslie Smith

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.