



11 August 2016

Market Announcements Office
ASX Limited

APPLICATIONS TO SURRENDER PERMITS

New Guinea Energy Limited (**NGE** or **Company**) (ASX: NGE) advises that it has today lodged with the Papua New Guinea Department of Petroleum & Energy applications to surrender Petroleum Prospecting Licence (**PPL**) 266 and PPL 267.

The Company has requested that, should the applications be approved, the surrender becomes effective today, the date of lodgement. There is no reason to believe that the applications will not be approved.

NGE was first granted these licences in August 2005 and over the past eleven years has spent more than \$33.9 million in these two licences on exploration activities attempting to find commercial quantities of oil and gas in this frontier exploration acreage in PNG. Throughout this period the Company actively sought but was unsuccessful in attracting farm-in partners to share the risks, returns, and costs of exploring in both of these licences. The industry's appetite to commit capital to frontier exploration acreage has diminished even further over the last twelve months since the fall in the price of oil.

NGE's tenure in PPL 266 expires on 15 August 2016 and on 14 August 2017 in PPL 267. The Board's opinion is that in the current economic climate the possibility of finding a farm-in partner for PPL 267 is so uncertain that incurring additional licence holding and exploration expenses is not justified and will deploy the Company's capital elsewhere in investments that are consistent with its strategy.

The Group's Petroleum Prospecting Licences were reviewed in December 2015 and impairment charges for the full amount of the deferred exploration expenditure in both PPL 266 and PPL 267 were recognised in the 2015 Annual Report. No material exploration expenditure has been incurred since that date. Accordingly, there will be no significant effect on the Company's financial reports as a result of the decision to surrender these licences.

The Company continues to retain the following assets:

Cash and Liquid Investments

At 30 June 2016 the Company held cash and liquid investments of \$19.34 million,

The Company's cash balance at the end of June 2016 was \$15.76 million (comprising A\$12.38 million, PGK7.26 million and US\$0.22 million), and the Company had \$3.58 million of liquid investments.

New Guinea Energy Ltd
ABN 31 112 618 238

Level 15, 333 Collins Street, Melbourne Vic 3000
T +61 3 9080 8854 | F:+61 3 7000 5077
www.ngenergy.com.au

Drilling capability

NGE holds a 50% interest in the joint venture Western Drilling Limited (**WDL**), which owns a fit-for-purpose onshore rig for drilling operations in PNG, as well as a 74 man camp, both available for lease.

Contingent Payments

The Company holds contractual rights to receive contingent payments and royalties in connection with the sale of PPL 269 and PPL 277 being:

- i. a contingent payment of US\$8 million if a Petroleum Development Licence (PDL) is granted over any area of PPL 269;
- ii. a contingent payment of US\$20 million if a PDL is granted over any area of PPL 277; and
- iii. an uncapped royalty over all revenue received from petroleum produced and sold from the PPL 277 area.

Other Opportunities

As flagged at the 2015 AGM the Board continues to assess new investment opportunities, both within and outside of the oil and gas sector.

David Lamm
Executive Chairman