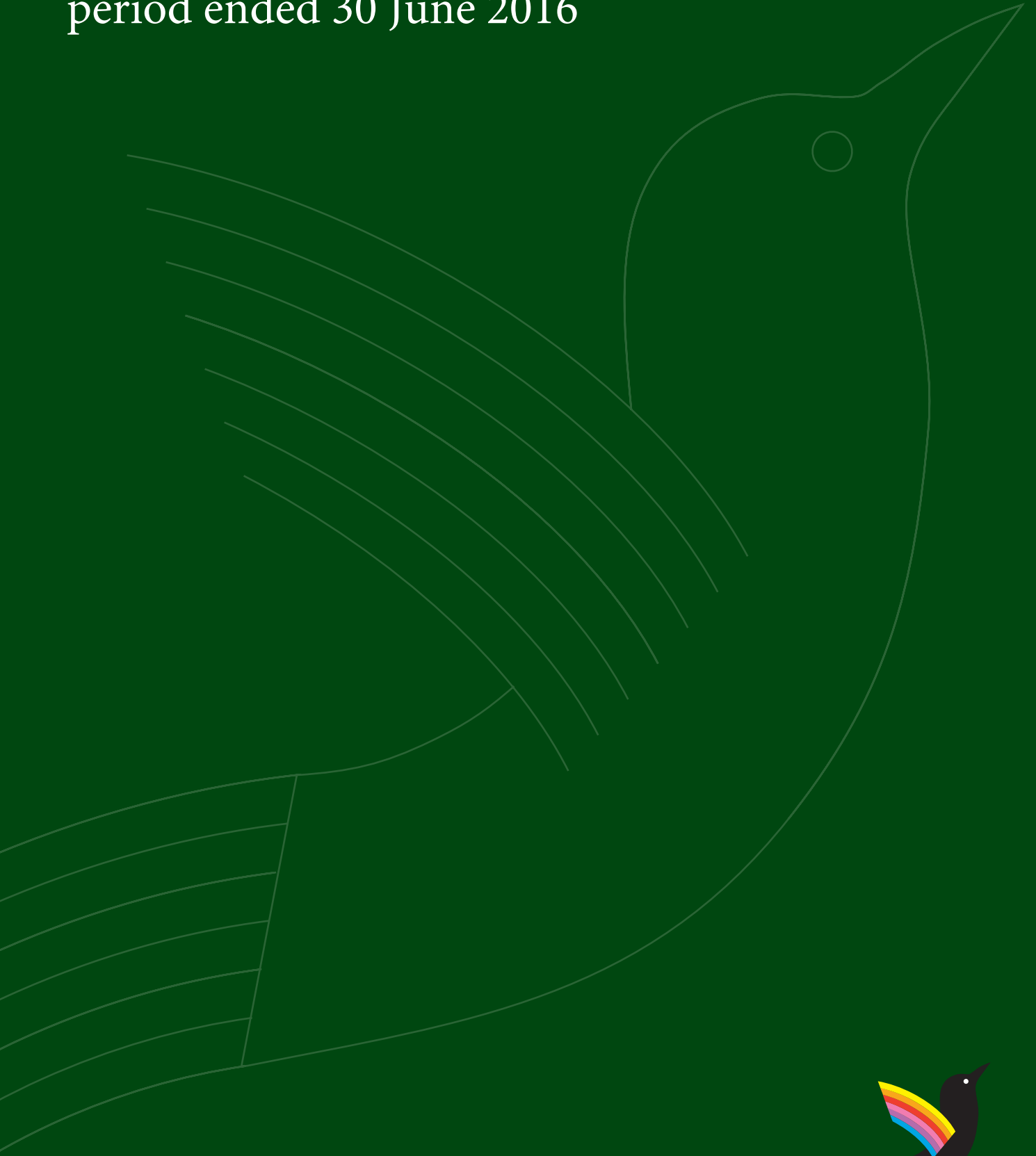


NEW GUINEA ENERGY LTD
Half -Year Financial Report for the
period ended 30 June 2016



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CORPORATE DIRECTORY

Directors

David Lamm

Sir Michael Bromley

Adam Saunders

Grant Worner

Executive Chairman

Non-Executive Director

Non-Executive Director

Non-Executive Director

Company Secretary

Leslie Smith

Appointed 13 July 2016

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Clayton Utz

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DIRECTORS' REPORT

The Directors of New Guinea Energy Ltd present their Report together with the financial statements of the Consolidated Entity, being New Guinea Energy Ltd (**NGE** or **Company**) and its Controlled Entities (**Group**) for the half-year ended 30 June 2016.

Directors

The following persons were Directors of New Guinea Energy Ltd during or since the end of the financial half-year:

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

Review of operations

Investments

NGE continued to actively look for and assess investment opportunities consistent with the new corporate strategy of shifting away from investing in few, high cost, high risk activities. In line with this strategy, on 18 April 2016, the Company announced that it had invested approximately \$3.55M in Karoon Gas Australia Limited (ASX:KAR), representing approximately 18% of NGE's net assets.

Share Buy-Back

On 17 July 2015 NGE 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.

In the half-year to 30 June 2016, 591,034 shares costing \$11,229 were purchased by the Company.

Exploration Permits

PPL 266 and PPL 267

NGE actively sought farm-in partners for both permits, a process that has continued for many years. Exploration expenditure incurred in these permits in the period was \$72,000 (2015: \$251,000) which has been written off.

The expiry date for PPL 266 is 15 August 2016. The expiry date for PPL 267 is 14 August 2017.

PPL 269

During the half-year it was announced that the wildcat exploration well Strickland 2 had been plugged and abandoned after encountering a water bearing reservoir. It was further reported that the wildcat exploration well Strickland 1, which spudded on 16 June 2016, was drilling ahead.

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 Petroleum Retention Licence (PRL) is granted over any area of PPL 269;
- Payment of a further US\$6 million cash if a Petroleum Development Licence (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.

Interests in Petroleum Prospecting Licences (PPL)

Petroleum Prospecting Licences	Location	Beneficial Percentage held	Area km ²	Interest acquired/farm-in during the half-year	Interest disposed/farm-out during the half-year
PPL 266*	Onshore Papuan Basin, Papua New Guinea	100%	4,175	-	-
PPL 267*	Onshore Papuan Basin, Papua New Guinea	100%	3,317	-	-

*Note: PPL 266 is due to expire on 15 Aug 2016
PPL 267 is due to expire on 14 Aug 2017

Corporate

On 29 February 2016 the Company announced that Mr. David Lamm had been appointed Executive Chairman.

The Board is of the opinion that Mr. Lamm's extensive investment skillset is best placed to drive future growth for NGE in accordance with the new corporate strategy of the Company.

As announced to the market on 21 April 2016 the Company applied for voluntary delisting from the Port Moresby Stock Exchange (POMSoX). Trading on the POMSoX had been minimal since the Company listed and the Board took the view that ongoing listing and compliance costs were no longer justified. The delisting was formally concluded on 29 June 2016.

Financial ResultsPerformance

Net loss of the Group for the half-year ended 30 June 2016 was \$854,000 (2015: profit \$3,825,000) after impairment of evaluation and exploration expenditure of \$72,000 (2015: \$9,240,000), foreign exchange losses of \$276,000 (2015: gain of \$47,000) and other income Nil (2015: \$14,587,000 being the gain on sale of exploration licence). At the beginning of the period the Company ceased accruing interest on loans outstanding to Western Drilling Ltd, a company in which NGE has an equity accounted investment. These loans were fully impaired at 31 December 2015.

Financial position

Cash at 30 June 2016 was \$15,764,000 (2015: \$19,898,000). This cash balance comprised A\$12.38M, PGK7.26M and US\$0.22M (2015: A\$14.9M, PGK10.3M and US\$0.2M).

Current assets were \$19,514,000 (2015: \$20,526,000) comprising mainly cash and liquid investments. Current liabilities were \$192,000 (2015: \$339,000).

Net assets were \$19,322,000 (2015: \$20,187,000).

Cash Flows

Operating activities resulted in net outflow of \$474,000 (2015: outflow \$798,000) as the Group expense reduction initiatives began to take effect. Cash outflow from investing activities was \$3,382,000 (2015: inflow \$41,611,000), invested mainly in listed equity investments and funded from the Group's existing cash resources. In the previous period the Group had produced net investing and financing inflows of \$17,400,000 with \$23,800,000 of borrowing being repaid from the proceeds of the sale of PPL 269 for \$42,000,000.

Rounding of Amounts

New Guinea Energy Ltd is a type of Company referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable), or in certain cases, to the nearest dollar under the option permitted in the class order.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under 307C of the Corporations Act 2001 is included on page 5 of this financial report and forms part of this Directors' Report.

Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to be 'DL' followed by a long horizontal flourish.

David Lamm
Chairman

9 September 2016

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Auditor's Independence Declaration

To The Directors of New Guinea Energy Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of New Guinea Energy Limited for the half-year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Adrian Nathanielsz
Partner – Audit & Assurance

Melbourne, 9 September 2016

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF NEW GUINEA ENERGY LIMITED

We have reviewed the accompanying half-year financial report of New Guinea Energy Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 30 June 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of New Guinea Energy Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the New Guinea Energy Limited consolidated entity's financial position as at 30 June 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of New Guinea Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of New Guinea Energy Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Adrian Nathanielsz
Partner - Audit & Assurance

Melbourne, 9 September 2016

DIRECTORS' DECLARATION

In the opinion of the Directors of New Guinea Energy Ltd:

- a. The consolidated financial statements and notes of New Guinea Energy Ltd are in accordance with the Corporations Act 2001, including:
 - (i) Giving a true and fair view of its financial position as at 30 June 2016 and of its performance for the half-year ended on that date; and
 - (ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting, and
- b. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



David Lamm
Chairman

Dated the 9th day of September 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For The Half-Year Ended 30 June 2016

	Note	30 June 2016 \$'000	30 June 2015 \$'000
Revenue			
Interest income		183	590
Other income	6	-	14,587
Expenses			
Depreciation expense		-	(3)
Employee benefits expense		(135)	(151)
Finance costs		-	(505)
Foreign exchange (losses)/gains		(276)	47
Impairment of exploration and evaluation expenditure		(72)	(9,240)
Impairment of plant and equipment		-	(420)
Loss on extinguishment of debts		-	(1,009)
Directors' fees		(184)	(230)
Professional fees		(122)	(306)
Other expenses	7	(248)	(297)
Share of net profits from equity accounted investments		-	762
(Loss)/Profit before income tax expense		<u>(854)</u>	<u>3,825</u>
Income tax expense		-	-
(Loss)/Profit after income tax		<u>(854)</u>	<u>3,825</u>
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total other comprehensive income for the period		<u>-</u>	<u>-</u>
Total comprehensive income for the period attributable to members of the Parent Entity			
		<u>(854)</u>	<u>3,825</u>
Earnings per share attributable to the ordinary equity holders of the Company			
From continuing operations:			
Basic and diluted (loss)/earnings per share (cents)		<u>(0.10)</u>	<u>0.45</u>

This financial report should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position**As At 30 June 2016**

	Note	30 June 2016 \$'000	31 December 2015 \$'000
ASSETS			
CURRENT			
Cash and cash equivalents		15,764	19,898
Trade and other receivables		65	66
Financial assets	10	3,677	508
Other current assets		8	54
TOTAL CURRENT ASSETS		<u>19,514</u>	<u>20,526</u>
TOTAL ASSETS		<u>19,514</u>	<u>20,526</u>
LIABILITIES			
CURRENT			
Trade and other payables		73	169
Provisions		119	170
TOTAL CURRENT LIABILITIES		<u>192</u>	<u>339</u>
TOTAL LIABILITIES		<u>192</u>	<u>339</u>
NET ASSETS		<u>19,322</u>	<u>20,187</u>
EQUITY			
Share capital		80,206	80,217
Reserves		11,377	11,377
Accumulated losses		(72,261)	(71,407)
TOTAL EQUITY		<u>19,322</u>	<u>20,187</u>

This financial report should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes In Equity

For The Half-Year Ended 30 June 2016

	Share capital \$'000	Option reserve \$'000	Equity portion of convertible instrument \$'000	Other contribu- ted equity \$'000	Accumula- ted losses \$'000	Total \$'000
Balance at 1 January 2015	80,303	7,894	3,483	-	(35,633)	56,047
Total comprehensive income for the period	-	-	-	-	3,825	3,825
Transfer	-	-	(3,483)	3,483	-	-
Balance at 30 June 2015	80,303	7,894	-	3,483	(31,808)	59,872
Balance at 1 January 2016	80,217	7,894	-	3,483	(71,407)	20,187
Total comprehensive loss for the period	-	-	-	-	(854)	(854)
Transactions with owners in their capacity as owners:						
Share buy-back	(11) ^A	-	-	-	-	(11)
Balance at 30 June 2016	80,206	7,894	-	3,483	(72,261)	19,322

^AOn 17 July 2015 NGE 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.

In the half-year to 30 June 2016, 591,034 shares costing \$11,229 were purchased by the Company.

This financial report should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows
For the Half-Year Ended 30 June 2016

	30 June 2016	30 June 2015
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	-	135
Payments to suppliers and employees	(657)	(955)
Interest received	183	22
Net cash used in operating activities	<u>(474)</u>	<u>(798)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of exploration licence	-	42,017
Proceeds from sale of fixed assets	21	-
Payments for exploration and evaluation expenditure	(72)	(472)
Payments for equity investments	(3,979)	(2,500)
Proceeds from sale of equity investments	626	-
Proceeds from joint venture entity loan repayment	-	2,520
Proceeds from refund of security deposits	22	46
Net cash from/(used in) investing activities	<u>(3,382)</u>	<u>41,611</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment for share buy-back	(11)	-
Repayment of borrowings	-	(23,774)
Interest paid	-	(408)
Net cash used in financing activities	<u>(11)</u>	<u>(24,182)</u>
Net (decrease)/increase in cash held	(3,867)	16,631
Cash and cash equivalents at the beginning of period	19,898	1,021
Effect of exchange rates on cash holding in foreign currencies	(267)	(1,055)
Cash and cash equivalents at the end of period	<u>15,764</u>	<u>16,597</u>

This financial report should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements for the Half-Year Ended 30 June 2016

Note 1 – Nature of operations

New Guinea Energy Ltd and subsidiaries' (**Group**) principal activities consisted of exploration for oil and gas in Papua New Guinea and investment in companies in the oil and gas sector.

Note 2 – General information basis of preparation

The condensed interim consolidated financial statements (**the interim financial statements**) of the Group are for the six (6) months ended 30 June 2016 and are presented in Australian Dollars (\$AUD), which is the functional currency of the Parent Company. These general purpose interim financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2015 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 9th September 2016.

Note 3 – Significant accounting policies

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 31 December 2015.

The accounting policies have been applied consistently throughout the Group for purposes of preparation of these interim financial statements.

New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**) that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial half-year ended 30 June 2016 and are not expected to have any significant impact for the full financial year ending 31 December 2016. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 4 – Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Notes to the Consolidated Financial Statements for the Half-Year Ended 30 June 2016 (cont'd)

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 31 December 2015.

Note 5 – Significant events and transactions

The Group's management believes that the Group is now well positioned with significant cash balances available for investment. Significant events and transactions during the period were:

- The appointment of Mr David Lamm as Executive Chairman of the Company on 29 February 2016 to drive the future growth of the Company in accordance with its new corporate strategy;
- The Company made an investment of \$3.55 million in Karoon Gas Australia Limited in April 2016; and
- The Company delisted from the Port Moresby Stock Exchange (POMSoX) with the last trading day being 22 June 2016. There has been minimal trading of the Company's shares on POMSoX since the listing in mid-2008.

	2016	2015
	\$'000	\$'000
Note 6 – Other Income		
Gain on sale of exploration licence	-	14,587
	<hr/>	<hr/>
Note 7 – Other Expenses		
Audit fees	11	29
Corporate promotion expenses	1	6
Gain on sale of fixed assets	(18)	(47)
Listing costs	45	111
Operating leases	31	48
Realised losses on listed equity investments	78	-
Unrealised losses on listed equity investments	73	68
Other	27	82
	<hr/>	<hr/>
	248	297
	<hr/>	<hr/>

Notes to the Consolidated Financial Statements for the Half-Year Ended 30 June 2016 (cont'd)

Note 8 – Related party transaction

On 25 May 2016, the Company entered into a licence agreement with Kentgrove Capital Pty Ltd for the sub-lease of office premises for its business from 1 June 2016 to 30 April 2018 at the rate of \$60,000 per annum. Kentgrove Capital Pty Ltd is an entity controlled by NGE's Executive Chairman David Lamm. Commitments under the licence agreement are disclosed in Note 11.

Note 9 – Operating Segments

The reportable operating segments are exploration for oil and gas in Papua New Guinea and equity investments in oil and gas companies which are the Group's principal activities. The Group is still in the exploration stage and does not generate any revenue from sales.

Corporate office activities are not allocated to operating segments and form part of the balance of unallocated revenue, expenses, assets and liabilities.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Segment liabilities include trade and other payables.

Notes to the Consolidated Financial Statements for the Half-Year Ended 30 June 2016 (cont'd)

Note 9 – Operating Segments (cont'd)

	Six months ended 30 June 2016				Six months ended 30 June 2015			
	Explora- tion	Equity investments	Unallocated	Total	Explora- tion	Equity investments	Unallocated	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
PROFIT AND LOSS								
Revenue								
From external customers	-	-	569	569	-	-	590	590
Other income	-	-	-	-	14,587	-	-	14,587
Depreciation expenses	-	-	-	-	-	-	(3)	(3)
Employee costs	-	-	(135)	(135)	-	-	(151)	(151)
Finance costs	-	-	-	-	-	-	(505)	(505)
Foreign exchange (losses)/ gains	-	-	(564)	(564)	-	-	47	47
Impairment of deferred exploration expenditure	(72)	-	-	(72)	(9,240)	-	-	(9,240)
Impairment of fixed assets	-	-	-	-	(420)	-	-	(420)
Impairment of investments accounted for using the equity method	-	-	(98)	(98)	-	-	-	-
Loss on extinguishment of debts	-	-	-	-	-	-	(1,009)	(1,009)
Other expenses	-	(151)	(403)	(554)	-	(68)	(765)	(833)
Share of profit from equity accounted investments	-	-	-	-	-	-	762	762
(Loss)/Profit before income tax	(72)	(151)	(631)	(854)	4,927	(68)	(1,034)	3,825
Income tax expense	-	-	-	-	-	-	-	-
(Loss)/Profit after tax	(72)	(151)	(631)	(854)	4,927	(68)	(1,034)	3,825
	30 June 2016				30 June 2015			
FINANCIAL POSITION								
Assets and liabilities								
Segment assets	93	3,592	15,829	19,514	24,587	2,432	33,665	60,684
Segment liabilities	35	-	157	192	186	-	626	812

Notes to the Consolidated Financial Statements for the Half-Year Ended 30 June 2016 (cont'd)

	30 June 2016 \$'000	31 December 2015 \$'000
Note 10 – Financial assets		
Shares in listed companies at market value	3,582	384
Shares in unlisted company at fair value	10	10
Security deposits	85	114
	<u>3,677</u>	<u>508</u>

10.1 Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the fair value hierarchy, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices)
- Level 3: inputs for the asset or liability that is not based on observable market data (unobservable inputs).

The Group's financial assets measured and recognised at fair value at 30 June 2016 and 31 December 2015 on a recurring basis are as follows:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
30 June 2016				
Shares in listed companies	3,582	-	-	3,582
Shares in unlisted company	-	-	10	10
Security deposits	85	-	-	85
	<u>3,667</u>	<u>-</u>	<u>10</u>	<u>3,677</u>
31 December 2015				
Shares in listed companies	384	-	-	384
Shares in unlisted company	-	-	10	10
Security deposits	114	-	-	114
	<u>498</u>	<u>-</u>	<u>10</u>	<u>508</u>

10.2 Measurement of fair value of financial instruments

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

Shares in listed companies

Fair values have been determined by reference to their quoted closing prices at the reporting date.

Shares in unlisted companies

Fair values have been determined after assessment of the investee's financial position at balance date and its prospects and forecasts and represented the approximate share of adjusted net assets at balance date.

Notes to the Consolidated Financial Statements for the Half-Year Ended 30 June 2016 (cont'd)

	30 June 2016 \$'000	30 June 2015 \$'000
--	------------------------------------	------------------------------------

Note 11 – Commitments**Petroleum Prospecting Licences**

The Group currently has two petroleum prospecting licences in Papua New Guinea. A condition of the licences is that the Group is required to satisfy work commitments to maintain current rights of tenure. These commitments may be subject to renegotiation, may be farmed out or may be relinquished and have not been provided for in the financial statements and are due as follows from balance date:

Within twelve months	29,700	26,906
Twelve months or longer and not longer than 5 years	-	1,621
	<u>29,700</u>	<u>28,527</u>

On 11 August 2016 the Group announced that it has lodged with the Papua New Guinea Department of Petroleum & Energy applications to surrender PPL 266 and PPL 267. The commitments at 30 June 2016 above were for PPL 266 and PPL 267 and will be extinguished once approval of the surrender has been received.

The Group has obligations to restore and rehabilitate areas disturbed during exploration. Bank guarantees of \$85,000 (2015: \$22,000) collateralised by cash deposits have been provided as security for compliance with the conditions of the licences.

Operating Leases

Minimum payment under non-cancellable operating leases according to the time expected to elapse to the expected date of payment:

Not later than 1 year	60	30
Later than 1 year and not later than 5 years	50	-
	<u>110</u>	<u>30</u>

Note 12 - Contingent assets and liabilities

Nil.

Notes to the Consolidated Financial Statements for the Half-Year Ended 30 June 2016 (cont'd)

Note 13 – Events subsequent to Reporting Date

There has not arisen in the interval since 30 June 2016 and up to the date of this report, any matter that, in the opinion of the Directors, has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years other than the following:

Unmarketable share sale facility

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

Share buy-back

- On 17 July 2015 NGE announced a market share buy-back of up to 10% of the Company's issued capital, which equated to approximately 85 million ordinary shares at that date. The buy-back commenced on 3 August 2015 and concluded on 3 August 2016 with 5,005,000 shares being purchased for \$98,878;
- On 4 August 2016 the Company announced that it will commence a new on-market share buy-back of up to 10% of the Company's issued capital, which equated to approximately 84 million ordinary shares at that date. Buy-back will commence on or after 19 August 2016 and will remain open until the Board decides to suspend or terminate the on-market buy-back;

Exploration permits

- On 11 August 2016 the Company announced that the Group has lodged with the Papua New Guinea Department of Petroleum & Energy applications to surrender PPLs 266 and PPL 267 which expire on 15 August 2016 and 14 August 2017 respectively. NGE had been actively seeking farm-in partners for both permits for many years, while continuing to explore and improve the permits' prospectivity. Unfortunately, a farm-in partner for PPL 266 had not been found and it was the Board's opinion that the possibility of finding a farm-in partner for PPL 267 was so uncertain that incurring additional licence holding and exploration expenses was not justified. The deferred exploration expenditure for both permits was fully impaired at 31 December 2015 and these charges were recognised in the 2015 Annual Report. Accordingly, there will be no significant effect on the Group's financial reports as a result of the decision to surrender these licences;

Change in nature of activities

- 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. In line with ASX's guidance, the Company has requested a voluntary suspension of its securities to operate from the time of this announcement. Upon receipt of shareholder approval and confirmation from ASX that the Company has met the requirements for admission and quotation (or that the requirements are no longer applicable), the Company's securities will resume trading on the ASX. It is anticipated that a General Meeting to allow shareholders to approve the proposed change will be held in October 2016.