



11 August 2016

Market Announcements Office
ASX Limited

PROPOSAL TO BECOME A LISTED INVESTMENT COMPANY

New Guinea Energy Limited (**NGE** or **Company**) (ASX: **NGE**) is pleased to announce 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 (**LIC**) within the definition of "investment entity" in ASX Listing Rule 19 (**Proposal**).

Summary

Having conducted an extensive review of the Company's assets over the past 12 months and taking into consideration the current market conditions and the potential oil and gas investment opportunities, the Board has concluded that the best way to implement the Board's defined strategy as announced to the market on 13 October 2015 and as communicated in the AGM presentation on 24 May 2016 is to transform the Company's principal activities to those of a LIC.

A LIC is an entity whose principal activities relate to investing (directly or indirectly) in listed and unlisted securities and whose objectives do not include exercising control over or managing any entity, or the business of any entity, in which it invests (although the Company notes that it will be permitted to continue to hold a 50% interest in Western Drilling Limited). As a LIC, the Company will have greater freedom to deploy its cash balance in a broader range of investments, outside of oil and gas, and thereby provide a greater opportunity to maximise returns for shareholders.

Existing Assets and Structure

The Company will retain all its current assets and operations including significant long-term upside potential from oil and gas exploration in PNG through the contingent payments and royalties from PPL 269 and PPL 277 and its 50% interest in Western Drilling Limited. As a LIC, the Company will continue to be managed internally and accordingly will maintain its current corporate structure and board composition, and will also continue to focus on maintaining a low corporate overhead structure.

Process

The Company has sought in-principle advice from ASX on the Proposal, and ASX has advised the Company that, given the Proposal constitutes a significant change in the nature of the Company's activities pursuant to Chapter 11 of the ASX Listing Rules, the ASX has exercised its discretion under ASX Listing Rules 11.1.2 and 11.1.3 to require the Company:

1. to obtain shareholder approval for the change in the nature of its business; and
2. to re-comply with the admission requirements of Chapters 1 and 2 of the ASX Listing Rules.

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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 ASX.

The Board expects that the Company will be able to satisfy all the conditions for re-admission, including Listing Rule 1.3.1A, which provides that, at the time of admission, a LIC must have net tangible assets of at least \$15 million after deducting the costs of fund raising. As a result, the Company does not expect to undertake a capital raising as part of the Proposal, other than to the extent a nominal amount is required to be raised by ASX as part of the re-compliance process.

The Company intends to seek a waiver from ASX Listing Rule 2.1 Condition 2 from the ASX, which requires the issue price or sale price of all the securities for which an entity is seeking quotation upon admission to the official list to be at least \$0.20 in cash. If a waiver cannot be obtained, the Company will, at the same time as it seeks shareholder approval for the Proposal, put a resolution to shareholders seeking approval to consolidate the share capital of the Company to increase the value of shares to more than \$0.20 per share.

Following the re-compliance process, the principal business activity of the Company will be making investments in listed and unlisted companies.

Timing

It is anticipated that shareholder approval for the Proposal will be sought at a General Meeting (**GM**) to be held in October 2016. A Notice of Meeting will be sent out to shareholders prior to the GM containing further details about the Proposal. The Company also intends to lodge a prospectus as part of the re-compliance process shortly after sending the Notice of Meeting to shareholders.

The Company will continue to keep shareholders updated as the Proposal progresses.

A handwritten signature in black ink, appearing to read 'DL', with a long horizontal flourish extending to the right.

David Lamm
Chairman