

NEW GUINEA ENERGY LTD

Quarterly Report for the period
ending 31 December 2015



Quarterly Activities Report
Period Ending 31 December 2015

28 January 2016

Market Announcements Office
ASX Limited

Quarterly Activities Report – Period Ending 31 December 2015

New Guinea Energy Ltd is pleased to provide the following report on its activities for the period ending 31 December 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.

For and on behalf of the Board:

Justin Mouchacca
Company Secretary

ACTIVITIES REPORT
QUARTER ENDED 31 December 2015

HIGHLIGHTS

New Guinea Energy Ltd (**NGE** or **Company**) continued implementing the strategy announced on 13 October 2015 and over the last 3 months:

- Lowered corporate overheads by reducing the number of employees in Australia and PNG, relocating the Port Moresby office to cheaper premises, closing the Brisbane and Sydney offices, and terminating the Port Moresby accommodation agreement;
- Sold non-core, redundant assets;
- Recovered an additional PGK 2 million in loans from Western Drilling Limited (**WDL**);
- Took further steps to establish WDL as a stand-alone business; and
- Continued the conversion of foreign currency holdings to Australian dollars to maximise the Australian dollar-denominated cash balances and minimise currency risks.

During the same period the Company spent a total of A\$86k buying back and cancelling 4.4 million NGE shares.

Despite the Company's restructuring costs and buying back shares, the Company's cash balance grew from A\$19.0M at the end of September to A\$19.9M (A\$14.9M, PGK10.3M, US\$0.2M) by the end of the year.

50% JOINT VENTURE IN WESTERN DRILLING LIMITED

During the quarter a respected PNG oil and gas drilling manager accepted the role of WDL PNG Country Manager and will lead the efforts to secure WDL's next tender, develop mutually advantageous partnership opportunities, and possibly sell equity in the business.

WDL was pleased to receive the required confirmation from the PNG Department of Petroleum and Energy that WDL's drill rig is fit for use within the country.

NGE received a total of PGK 2 million (circa US\$0.7 million) during the quarter from WDL as partial repayment of NGE's loans to WDL. No material further loan repayments from WDL are expected in the near term.

CORPORATE

It is noted that Mr Grant Worner has now completed his 6 month term as Managing Director to define and implement the early stages of a revised corporate strategy and subsequently reverted to a Non-Executive Director position.

PLANS FOR THE MARCH QUARTER

The Company is actively looking for and assessing investment opportunities consistent with the new corporate strategy.

Licence farm-out and asset sale discussions are expected to continue in the quarter and shareholders will be informed if any material developments occur.

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%	-	-

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 31 December 2015

ABOUT NGE

CORPORATE DIRECTORY

Directors

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

Company Secretary

Justin Mouchacca

Registered Office

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Website

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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
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ASX Code: NGE

POMSoX code : NGE

OTC code: NGELY

SHARE REGISTRY

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Sydney NSW 2001

Telephone:	1300 737 760 +61 2 9290 9600
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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")

DECEMBER 2015

Consolidated statement of cash flows

	Current quarter	Year to date (12 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	(258)	(849)
(b) development	-	-
(c) production	-	-
(d) administration	(361)	(2,347)
1.3 Dividends received	7	7
1.4 Interest and other items of a similar nature received	91	175
1.5 Interest and other costs of finance paid	-	(408)
1.6 Income taxes paid	-	-
1.7 Other (GST)	(7)	(27)
Net Operating Cash Flows	(528)	(3,314)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects		
(b) equity investments	(837)	(4,382)
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	42,017
(b) equity investments	1,509	2,617
(c) other fixed assets	299	299
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	997	5,933
1.12 Other (security deposit refunded)	48	140
Net investing cash flows	2,016	46,624
1.13 Total operating and investing cash flows (carried forward)	1,488	43,310

+ 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)	1,488	43,310
	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 (payments for share buy-back)	(86)	(86)
	Net financing cash flows	(86)	(23,860)
	Net increase (decrease) in cash held	1,402	19,450
1.20	Cash at beginning of quarter/year to date	18,958	1,021
1.21	Exchange rate adjustments to item 1.20	(462)	(573)
1.22	Cash at end of quarter	19,898	19,898

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	120
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

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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.

		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	40
4.2	Development	-
4.3	Production	-
4.4	Administration	400
Total		440

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	5,002	6,120
5.2	Deposits at call	14,896	12,838
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)		19,898	18,958

+ 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	-	-	-
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	846,277,193	842,827,193	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	4,413,966	4,413,966	
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 give a true and fair view of the matters disclosed.

Sign here:


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Company Secretary

Date: 28 January 2016

Print name:

Justin Mouchacca

+ 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.

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