



NuEnergy Gas Limited

ABN 50 009 126 238

HALF-YEAR FINANCIAL REPORT

31 December 2023

NuEnergy Gas Limited
Half Year Financial Report 31 December 2023

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This Half Year Financial Report does not include all the notes of the type normally included in an annual Financial Report.

Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2023 and any public announcements made by NuEnergy Gas Limited during the half year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

CORPORATE DIRECTORY
31 December 2023

DIRECTORS

Kong Kok Keong (Non-Executive Chairman)
Kee Yong Wah (Deputy-Executive Chairman)
Goh Tian Chuan (Non-Executive Director)
Chen Heng Mun (Non-Executive Director)
Alan Fraser (Non-Executive Director)
Dr Ian Wang (Non-Executive Director)

COMPANY SECRETARY

Rozanna Lee

ABN:

50 009 126 238

**REGISTERED/ADMINISTRATION
OFFICE:**

Unit 3
39 Brook Street
Sunbury VIC 3429
Australia

Phone: (61) 412 635 000
Email: ir@nuenergygas.com

SHARE REGISTRY

Link Market Services Limited
QV1 Building, Level 12, 250 St Georges Terrace
Perth WA 6000

Phone: (08) 9211 6654

AUDITOR

KPMG
Tower 3, International Towers Sydney
300 Barangaroo Avenue
Sydney NSW 2000

STOCK EXCHANGE LISTING

NuEnergy Gas Limited shares are listed on the Australian
Securities Exchange
(ASX code: NGY)

WEBSITE

www.nuenergygas.com

DIRECTORS' REPORT

The directors of NuEnergy Gas Limited ("NuEnergy" or the "Company") present their report together with the consolidated financial statements of the Company and its controlled entities (collectively the "Group") for the half-year ended 31 December 2023 and the independent auditor's review report thereon.

Directors

The directors of the Company at any time during or since the half-year are:

Kong Kok Keong	Non-Executive Chairman
Kee Yong Wah	Deputy Executive Chairman
Goh Tian Chuan	Non-Executive Director
Chen Heng Mun	Non-Executive Director
Alan Fraser	Non-Executive Director
Dr Ian Wang	Non-Executive Director

Significant changes in state of affairs

There were no significant changes in the state of affairs of the Group during the financial period.

Review of operations

Tanjung Enim Production Sharing Contract ("PSC")

South Sumatra, Indonesia

NuEnergy Interest: 45%

Operator: Dart Energy (Tanjung Enim) Pte Ltd (a subsidiary of NuEnergy)

On 17 June 2021, the Indonesian Ministry of Energy and Mineral Resources ("MEMR") approved NuEnergy's first Plan of Development ("POD") for the Tanjung Enim PSC under a gross split scheme (referred to as Tanjung Enim POD 1) which will allow the project to proceed to field development and surface facility construction. NuEnergy shall carry out the operations and commercial development of the Tanjung Enim POD 1 exclusively. The approval of the Tanjung Enim POD 1 also represents the first coal bed methane ("CBM") POD in Indonesia.

The Tanjung Enim POD 1 approval covers the development of two target areas, in the north and south of the contract area covering ~33km² (or 13% of the total acreage of the Tanjung Enim PSC) where the Indonesia Research and Development Center for Oil and Gas Technology has confirmed and certified reserves totalling ~164.89 Bscf in these areas. The Company has received the Seller Appointment Letter from the Indonesian Special Taskforce for Upstream Oil & Gas Business Activities ("SKK Migas") that formally authorises and appoints NuEnergy to sell CBM produced from the Tanjung Enim PSC on SKK Migas's behalf.

NuEnergy secured the environmental permit dated 26 September 2023 from the Ministry of Environment and Forestry for the Tanjung Enim POD 1. With the approval, NuEnergy is now in a position to work towards the final preparations for early gas production for the Tanjung Enim asset.

NuEnergy submitted the letter of request for gas allocation and price, to SKK Migas in February 2023 and is now pending the approval of MEMR, before commencing gas sales. NuEnergy will commence with a modest phase of initial gas sales, estimated at 1 mmscfd of CBM which is part of the 25 mmscfd of gas production approved under the Tanjung Enim POD 1.

REVIEW OF OPERATIONS (CONTINUED)

On 10 February 2023, NuEnergy signed a Heads of Agreement with PT Laras Ngarso Gede ("Laras Energy"), which was later extended on 10 August 2023 and 3 January 2024 respectively, for the supply and sale commitment by NuEnergy and the purchase commitment by Laras Energy, of CBM produced from Tanjung Enim's POD 1. NuEnergy is continuing to develop its CBM market survey and business development and continuing to identify additional end users in South Sumatra capable of converting their generators and trucks from diesel-based to gas power-based.

NuEnergy has identified locations for four early gas sales wells, a production facility and the subsequent flow lines for the early generation of gas at Tanjung Enim. NuEnergy will complete the land acquisition process and carry out land clearing and drilling site preparation activities on these identified locations in due course. NuEnergy has initiated the procurement process of long lead time items and also appointed some of the service companies necessary for the early gas sales program. NuEnergy has received the technical proposals from shortlisted engineering companies for the front-end engineering design ("FEED") studies for its Tanjung Enim POD 1.

On 22 May 2023 the Directorate General of Oil & Gas from MEMR ("Migas") announced a new simplified gross revenue split proposal of 95% to Contractor and 5% to Government for the unconventional gas industry, to enhance project profitability, flexibility and technological innovation for unconventional gas industry players. This represents an improvement of about 9% in the split for the contractor, on the previous framework. Further detail on this proposed split has yet to be announced by the Government.

Muralim PSC

South Sumatra, Indonesia

NuEnergy Interest: 100%

Operator: Dart Energy (Muralim) Pte Ltd (a subsidiary of NuEnergy)

NuEnergy has in 2021, successfully completed permeability tests and drilled to the targeted depth of 724 meters in vertical depth, at the MU-005 (Twin) well. Four coal seam formations were confirmed between the depth of 547 meters to 669 meters. On 7 September 2023, MEMR has via SKK Migas approved a 19 months extension of the exploration period, to 29 March 2025. The extension will enable NuEnergy to complete the exploration commitments and acquire necessary production data, which will then facilitate the submission of a POD proposal, for the Muralim PSC, which is the final step required before entering the development phase for the asset. The Company, during the period has activated an existing well (MU-006), which is adjacent to MU-005TW, to accelerate the dewatering process and expedite gas flows. The workover on well MU-006 was carried out on 29 November 2023. After the pump was replaced and a function test was carried out, the activation of the existing MU-006 well was completed on 6 December 2023. Thereafter, dewatering activities at the MU-006 well commenced and are ongoing.

REVIEW OF OPERATIONS (CONTINUED)

Muara Enim PSC
South Sumatra, Indonesia
NuEnergy Interest: 40%
Operator: PT Trisula CBM Energi (a subsidiary of NuEnergy)

NuEnergy has received an acknowledgement letter from SKK Migas on 18 January 2021 that:

- i) confirms the discoveries of natural gas;
- ii) acknowledges the completion of exploration firm commitments by NuEnergy; and
- iii) allows NuEnergy to submit a plan of development within the next 3 years from 18 January 2021.

As the Indonesian government has indicated a proposal to increase the contractor's share of the revenue under a gross split scheme, as announced jointly by SKK Migas and MEMR in May 2023 and VAT exemption accorded to contractors under gross split schemes, NuEnergy had applied for conversion of its PSC from a cost-recovery scheme PSC to a gross split based PSC on 3 August 2023. This conversion will not only bring additional financial benefits but also allow greater flexibility in carrying out NuEnergy's development activities. NuEnergy has received a positive response from SKK Migas, indicating this application will be processed after the release of the detailed guidance and rules of the new simplified gross split scheme. A workshop and field visit were held with SKK Migas and Migas from 8 November to 9 November 2023 to discuss NuEnergy's request for gross split conversion and extension of the exploration period. SKK Migas and Migas have both indicated that they will recommend MEMR to extend the exploration period by 20 months. Currently, the applications are awaiting approval from MEMR.

Muara Enim II PSC
South Sumatra, Indonesia
NuEnergy Interest: 30%
Operator: Indo CBM Sumbagsel 2 Pte Ltd (a subsidiary of NuEnergy)

The Muara Enim II PSC expired on 31 March 2019. Pending the extension of the PSC, the Board took the approach to impair the full carrying value of Exploration and Evaluation expenditure in the financial year ended 30 June 2019 of \$6,231,964 and to record a provision for potential penalty of \$2,097,169 (USD1,500,000) in relation to the unfulfilled firm commitment under the PSC. Nevertheless, NuEnergy has on 9 February 2023, obtained the letter of approval from MEMR dated 7 February 2023, for an additional exploration period of 24 months until 29 January 2025 to complete the exploration firm commitments. The additional exploration period will enable NuEnergy to gather gas production data in order to proceed with reserves certification to fulfill a POD submission requirement. This will enable the Muara Enim II PSC to migrate from exploration to development status.

During the period, NuEnergy undertook a geological study and preliminary survey for three selected core hole well locations to fulfill the PSC's firm commitments. From the geological study, it appears that the coal seam of the Muara Enim II PSC is contiguous to our Tanjung Enim PSC, NuEnergy's advanced CBM asset and which is in the midst of being developed. The result from the drilling of these core hole wells will confirm the coal seam lateral distribution hence the extensiveness of the gas resource.

Coring operation is on track to complete before the exploration period deadline. NuEnergy is currently preparing the drilling program and the environmental permit for coring activities to be completed by 29 January 2025.

REVIEW OF OPERATIONS (CONTINUED)

Bontang Bengalon PSC

East Kalimantan, Indonesia

NuEnergy Interest: 100%

Operator: Dart Energy (Bontang Bengalon) Pte Ltd (a subsidiary of NuEnergy)

NuEnergy received the notice of termination of the Bontang Bengalon PSC from SKK Migas on 23 August 2019. With this termination, NuEnergy is required to immediately relinquish the contract area and fulfill the remaining obligations under the PSC. NuEnergy has not completed the remaining obligations and the carrying value of the Bontang Bengalon PSC exploration and evaluation assets have been fully impaired and a provision for potential penalty of USD 4,650,000, representing the balance costs of the remaining obligation, has been provided for in the financial year ended 30 June 2019 and remains subsisting as at 31 December 2023. NuEnergy is currently appealing the termination.

Financial results and position

The Group reported a net loss attributable to owners of the Company of \$411,805 for the half year ended 31 December 2023 compared to a net loss of \$410,913 for the previous corresponding half year.

At 31 December 2023, the Group has cash and cash equivalents of \$456,705 (30 June 2023: \$1,440,843) and net assets attributable to owners of the Company of \$25,608,428 (30 June 2023: \$26,941,356).

Significant events during the period

The Company is not aware of any material events that have occurred during the period ended.

Significant events subsequent to period end

The Company is not aware of any material events that have occurred subsequent to the period.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 8.

Signed in accordance with a resolution of Board of Directors.



Kong Kok Keong

Non-Executive Chairman

Dated this 13th day of March 2024



Lead Auditor's Independence Declaration under
Section 307C of the Corporations Act 2001

To the Directors of NuEnergy Gas Limited

I declare that, to the best of my knowledge and belief, in relation to the review of NuEnergy Gas Limited for the half-year ended 31 December 2023 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Shane O'Connor
Partner

Sydney
13 March 2024

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

	Note	31/12/2023 \$	31/12/2022 \$
EXPENSES			
Administration expenses		(130,311)	(258,686)
Fair value changes on other investment	3	(191,413)	26,117
Foreign exchange gain		179,823	59,110
Net finance costs		(268,495)	(237,456)
		<hr/>	<hr/>
Loss before income tax		(410,396)	(410,915)
Income tax benefit		-	-
		<hr/>	<hr/>
Net loss after income tax		(410,396)	(410,915)
Other comprehensive income Items that are or may be reclassified to profit or loss:			
- Foreign currency translation reserve		(921,180)	702,082
		<hr/>	<hr/>
Total comprehensive income/(expense) for the period		(1,331,576)	291,167
		<hr/>	<hr/>
Net (loss)/profit attributable to:			
- Owners of the Company		(411,805)	(410,913)
- Non-controlling interests		1,409	(2)
		<hr/>	<hr/>
		(410,396)	(410,915)
		<hr/>	<hr/>
Total comprehensive income/(expense) attributable to:			
- Owners of the Company		(1,332,928)	291,169
- Non-controlling interests		1,352	(2)
		<hr/>	<hr/>
		(1,331,576)	291,167
		<hr/>	<hr/>
Loss per share:			
- Basic/Diluted loss per share (cents per share)		(0.03)	(0.03)

The condensed notes on pages 13 to 23 are an integral part of these condensed consolidated half-year financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**

	Note	31/12/2023 \$	30/6/2023 \$
ASSETS			
Cash and cash equivalents		456,705	1,440,843
Other receivables and prepayments	2	129,959	117,624
Investment at Fair Value through Profit or Loss ("FVTPL")	3	407,428	598,841
Total current assets		<u>994,092</u>	<u>2,157,308</u>
Exploration and evaluation assets	4	40,411,818	40,724,784
Other financial assets	5	412,494	628,246
Total non-current assets		<u>40,824,312</u>	<u>41,353,030</u>
Total assets		<u>41,818,404</u>	<u>43,510,338</u>
LIABILITIES			
Other payables		1,855,235	2,077,912
Related party payables	6	4,897,178	4,777,706
Provision for Production Sharing Contract penalties	7	9,036,808	9,293,961
Total current liabilities		<u>15,789,221</u>	<u>16,149,579</u>
Total liabilities		<u>15,789,221</u>	<u>16,149,579</u>
Net assets		<u>26,029,183</u>	<u>27,360,759</u>
EQUITY			
Share capital	8	106,450,311	106,450,311
Reserves	9	8,184,085	9,105,208
Accumulated losses		(89,025,968)	(88,614,163)
Equity attributable to owners of the Company		<u>25,608,428</u>	<u>26,941,356</u>
Non-controlling interests		420,755	419,403
Total equity		<u>26,029,183</u>	<u>27,360,759</u>

The condensed notes on pages 13 to 23 are an integral part of these condensed consolidated half-year financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

	Share Capital	Reserves	Accumulated Losses	Non- Controlling Interests	Total Equity
	\$	\$	\$	\$	\$
At 1 July 2022	106,450,311	7,875,928	(87,577,913)	419,416	27,167,742
Net loss after income tax	-	-	(410,913)	(2)	(410,915)
Other comprehensive income:					
- Foreign currency translation reserve	-	702,082	-	-	702,082
At 31 December 2022	106,450,311	8,578,010	(87,988,827)	419,414	27,458,908
	Share Capital	Reserves	Accumulated Losses	Non- Controlling Interests	Total Equity
	\$	\$	\$	\$	\$
At 1 July 2023	106,450,311	9,105,208	(88,614,163)	419,403	27,360,759
Net (loss)/profit after income tax	-	-	(411,805)	1,409	(410,396)
Other comprehensive expense:					
- Foreign currency translation reserve	-	(921,123)	-	(57)	(921,180)
At 31 December 2023	106,450,311	8,184,085	(89,025,968)	420,755	26,029,183

The condensed notes on pages 13 to 23 are an integral part of these condensed consolidated half-year financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

	Note	31/12/2023 \$	31/12/2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(298,373)	(92,916)
Term deposit released		206,777	127,778
		<hr/>	<hr/>
Net cash (used in)/generated from operating activities		(91,596)	34,862
		<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation expenditure	4	(890,094)	(858,400)
		<hr/>	<hr/>
Net cash used in investing activities		(890,094)	(858,400)
		<hr/>	<hr/>
Net decrease in cash and cash equivalents		(981,690)	(823,538)
Cash and cash equivalents at 1 July		1,440,843	3,501,723
Effect of exchange rate fluctuations on cash held		(2,448)	3,128
		<hr/>	<hr/>
Cash and cash equivalents at 31 December		456,705	2,681,313
		=====	=====

The condensed notes on pages 13 to 23 are an integral part of these condensed consolidated half-year financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

(a) Reporting entity

NuEnergy Gas Limited (the “Company” or “NuEnergy”) is a company domiciled in Australia. These Condensed Consolidated Half-Year Financial Statements (“half-year financial statements”) as at and for the six months ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the “Group”). The Group is primarily involved in the exploration, appraisal and development of hydrocarbons with a primary focus on unconventional gas on coal seam gas also known as coal bed methane (“CBM”).

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2023 are available upon request from the Company’s registered office at Unit 3, 39 Brook Street, Sunbury VIC 3429, Australia or at www.nuenergygas.com.

(b) Basis of preparation

These half-year financial statements are general purpose financial statements prepared in accordance with AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*, and with IAS 34: *Interim Financial Reporting*.

They do not include all of the information required for a complete set of annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2023.

These half-year financial statements are presented in Australian dollars.

These half-year financial statements were authorised for issue by the Company’s Board of Directors on 13 March 2024.

(c) Significant Accounting Policies

During the period, the same accounting policies and methods of computation have been followed in this half-year financial report as were applied in the Group’s consolidated financial statements as at and for the year ended 30 June 2023. The application of the amendments to standards and interpretations does not have a material effect on the financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (Continued)

(d) Going concern

At 31 December 2023 the Group had a working capital deficiency of \$14,795,129, loss of \$411,805, net cash outflows of \$981,890 for the half year ended 31 December 2023 and has no ongoing source of operating income. However, the Group has net assets attributable to owners of the Company of \$25,608,428 which includes \$456,705 of cash and cash equivalents.

The financial statements have been prepared on a going concern basis which assumes the realisation of assets and the extinguishment of liabilities in the normal course of business and at the amounts stated in the financial statements.

The Directors believe the going concern basis is appropriate for the following reasons:

- i) At 31 December 2023, the Group had cash and cash equivalents of \$456,705;
- ii) As at 31 December 2023, the Group has amounts totalling \$4,897,178 due to related parties. The major shareholders, Globaltec Energy Resources Sdn Bhd and New Century Energy Resources Limited have agreed on behalf of these related parties that these amounts will not be called on, if in doing so, would place the Company into insolvency or a position where the Company could not satisfy its commitments as and when they are due. In addition, the ultimate parent, Globaltec Formation Berhad ("GFB") will continue to provide continuous financial support to enable the Group to operate on a going concern and to meet its obligations;
- iii) The Directors have prepared a cash flow forecast for the 15-month period from 1 January 2024 to 31 March 2025 which includes:
 - planned capital raising of \$15,000,000;
 - assumed proceeds from early gas sales initiative amounting to \$260,000 and
 - Proceeds from the ongoing gradual disposal of the shares, held in Metalla Royalty & Streaming Ltd (listed on the TSX Venture Exchange in Canada) for \$407,428;

such that all planned exploration expenditure of \$2,476,000, uncommitted appraisal and development expenditure of approximately \$5,228,000, and administrative overheads of \$2,331,000 for the 15-month period from 1 January 2024 to 31 March 2025 can be met. In the event that further planned capital raisings are delayed, the Directors believe that the Group will have the ability to scale back its operations, postpone the initial Tanjung Enim PSC development plans and move some of the appraisal and exploration expenditure under the other PSCs to future years as these PSCs are either been extended or granted additional times to submit a plan of development;

- iv) In the event that the provision for production sharing contract penalties are called upon by the Indonesian Ministry, the ultimate parent, GFB has provided written assurance to NuEnergy that they will support the Group in meeting these commitments should the need arises; and

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (Continued)

(d) Going concern (Continued)

- v) The Bontang Bengalon PSC has been terminated and fully impaired in financial year 2019. The Group has responded and appealed to the Government for amongst others, the transfer of the commitments to another PSC or another PSC of the Group located in South Sumatra. The appeal is currently ongoing. Should the appeal be successful, it is unlikely that the said commitments will be required to be completed within 12 months from the date of this report.

After considering all the above factors, the Directors have concluded that the use of going concern assumption is appropriate. There is a material uncertainty that may cast significant doubt on the Group's activities to continue as a going concern should access to equity or financial support be reduced or not forthcoming or if the Bontang Bengalon PSC appeal is not successful. Should the Group be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the consolidated financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the Group be unable to continue as a going concern and meet its debt obligations as and when they fall due.

(e) Significant Assumptions and Key Estimates

The preparation of the half-year financial report requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values that are not apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised or the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NOTE 2 OTHER RECEIVABLES AND PREPAYMENTS

	31/12/2023	30/6/2023
	\$	\$
<i>Current</i>		
Receivables	129,597	116,733
Prepayments	362	891
	129,959	117,624

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

NOTE 3 INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

	31/12/2023	30/6/2023
	\$	\$
Quoted shares – Outside Australia (<i>Current</i>)		
Balance at beginning of period	598,841	632,453
Fair value loss during the period	(191,413)	(33,612)
	<hr/>	<hr/>
Balance at end of period	407,428	598,841

NOTE 4 EXPLORATION AND EVALUATION ASSETS

	31/12/2023	30/6/2023
	\$	\$
Balance at beginning of period	40,724,784	37,736,372
Additions	890,094	1,365,309
Exchange differences	(1,203,060)	1,623,103
Balance at end of period	<hr/>	<hr/>
	40,411,818	40,724,784
Exploration and evaluation assets	61,886,723	62,094,458
VAT capitalised	3,697,971	3,803,202
Accumulated impairment loss	(25,172,876)	(25,172,876)
Carrying value	<hr/>	<hr/>
	40,411,818	40,724,784

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

NOTE 4 EXPLORATION AND EVALUATION ASSETS (Continued)

The exploration and evaluation assets comprise of:

	PSC	Status	Carrying value (\$)	
			31/12/2023	30/6/2023
i)	Tanjung Enim PSC	<p>On 17 June 2021, the Indonesian Ministry of Energy and Mineral Resources (“MEMR”) approved NuEnergy’s first Plan of Development (“POD”) for the Tanjung Enim PSC under a gross split scheme (referred to as Tanjung Enim POD 1) which will allow the project to proceed to field development and surface facility construction. NuEnergy shall carry out the operations and commercial development of the Tanjung Enim POD 1 exclusively. The approval of the Tanjung Enim POD 1 also represents the first coal bed methane (“CBM”) POD in Indonesia.</p> <p>The Tanjung Enim POD 1 approval covers the development of two target areas, in the north and south of the contract area covering ~33km² (or 13% of the total acreage of the Tanjung Enim PSC) where the Indonesia Research and Development Center for Oil and Gas Technology has confirmed and certified reserves totalling ~164.89 Bscf in these areas. The Company has received the Seller Appointment Letter from the Indonesian Special Taskforce for Upstream Oil & Gas Business Activities (“SKK Migas”) that formally authorises and appoints NuEnergy to sell CBM produced from the Tanjung Enim PSC on SKK Migas’s behalf.</p> <p>NuEnergy secured the environmental permit dated 26 September 2023 from the Ministry of Environment and Forestry for the Tanjung Enim POD 1. With the approval, NuEnergy is now in a position to work towards the final preparations for early gas production for the Tanjung Enim asset.</p> <p>NuEnergy submitted the letter of request for gas allocation and price, to SKK Migas in February 2023 and is now pending the approval of MEMR, before commencing gas sales. NuEnergy will commence with a modest phase of initial gas sales, estimated at 1 mmscfd of CBM which is part of the 25 mmscfd of gas production approved under the Tanjung Enim POD 1.</p>	13,670,483	13,301,831

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

NOTE 4 EXPLORATION AND EVALUATION ASSETS (Continued)

	PSC	Status	Carrying value (\$)	
			31/12/2023	30/6/2023
i)	Tanjung Enim PSC (continued)	<p>On 10 February 2023, NuEnergy signed a Heads of Agreement with PT Laras Ngarso Gede ("Laras Energy"), which was later extended on 10 August 2023 and 3 January 2024 respectively, for the supply and sale commitment by NuEnergy and the purchase commitment by Laras Energy, of CBM produced from Tanjung Enim's POD 1. NuEnergy is continuing to develop its CBM market survey and business development and continuing to identify additional end users in South Sumatra capable of converting their generators and trucks from diesel-based to gas power-based.</p> <p>NuEnergy has identified locations for four early gas sales wells, a production facility and the subsequent flow lines for the early generation of gas at Tanjung Enim. NuEnergy will complete the land acquisition process and carry out land clearing and drilling site preparation activities on these identified locations in due course. NuEnergy has initiated the procurement process of long lead time items and also appointed some of the service companies necessary for the early gas sales program. NuEnergy has received the technical proposals from shortlisted engineering companies for the front-end engineering design ("FEED") studies for its Tanjung Enim POD 1.</p> <p>On 22 May 2023 the Directorate General of Oil & Gas from MEMR ("Migas") announced a new simplified gross revenue split proposal of 95% to Contractor and 5% to Government for the unconventional gas industry, to enhance project profitability, flexibility and technological innovation for unconventional gas industry players. This represents an improvement of about 9% in the split for the contractor, on the previous framework. Further detail on this proposed split has yet to be announced by the Government.</p>		
ii)	Muara Enim PSC	<p>NuEnergy has received an acknowledgement letter from SKK Migas on 18 January 2021 that:</p> <ul style="list-style-type: none"> i) confirms the discoveries of natural gas; ii) acknowledges the completion of exploration firm commitments by NuEnergy; and iii) allows NuEnergy to submit a plan of development within the next 3 years from 18 January 2021. 	22,146,747	22,818,160

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

NOTE 4 EXPLORATION AND EVALUATION ASSETS (Continued)

	PSC	Status	Carrying value (\$)	
			31/12/2023	30/6/2023
ii)	Muara Enim PSC (continued)	As the Indonesian government has indicated a proposal to increase the contractor's share of the revenue under a gross split scheme, as announced jointly by SKK Migas and MEMR in May 2023 and VAT exemption accorded to contractors under gross split schemes, NuEnergy had applied for conversion of its PSC from a cost-recovery scheme PSC to a gross split based PSC on 3 August 2023. This conversion will not only bring additional financial benefits but also allow greater flexibility in carrying out NuEnergy's development activities. NuEnergy has received a positive response from SKK Migas, indicating this application will be processed after the release of the detailed guidance and rules of the new simplified gross split scheme. A workshop and field visit were held with SKK Migas and Migas from 8 November to 9 November 2023 to discuss NuEnergy's request for gross split conversion and extension of the exploration period. SKK Migas and Migas have both indicated that they will recommend MEMR to extend the exploration period by 20 months. Currently, the applications are awaiting approval from MEMR.		
iii)	Muralim PSC	NuEnergy has in 2021, successfully completed permeability tests and drilled to the targeted depth of 724 meters in vertical depth, at the MU-005 (Twin) well. Four coal seam formations were confirmed between the depth of 547 meters to 669 meters. On 7 September 2023, MEMR has via SKK Migas approved a 19 months extension of the exploration period, to 29 March 2025. The extension will enable NuEnergy to complete the exploration commitments and acquire necessary production data, which will then facilitate the submission of a POD proposal, for the Muralim PSC, which is the final step required before entering the development phase for the asset. The Company, during the period has activated an existing well (MU-006), which is adjacent to MU-005TW, to accelerate the dewatering process and expedite gas flows. The workover on well MU-006 was carried out on 29 November 2023. After the pump was replaced and a function test was carried out, the activation of the existing MU-006 well was completed on 6 December 2023. Thereafter, dewatering activities at the MU-006 well commenced and are ongoing.	4,594,588	4,604,793

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

NOTE 4 EXPLORATION AND EVALUATION ASSETS (Continued)

	PSC	Status	Carrying value (\$)	
			31/12/2023	30/6/2023
iv)	Muara Enim II	<p>The Muara Enim II PSC expired on 31 March 2019. Pending the extension of the PSC, the Board took the approach to impair the full carrying value of Exploration and Evaluation expenditure in the financial year ended 30 June 2019 of \$6,231,964 and to record a provision for potential penalty of \$2,097,169 (USD1,500,000) in relation to the unfulfilled firm commitment under the PSC. Nevertheless, NuEnergy has on 9 February 2023, obtained the letter of approval from MEMR dated 7 February 2023, for an additional exploration period of 24 months until 29 January 2025 to complete the exploration firm commitments. The additional exploration period will enable NuEnergy to gather gas production data in order to proceed with reserves certification to fulfill a POD submission requirement. This will enable the Muara Enim II PSC to migrate from exploration to development status.</p> <p>During the period, NuEnergy undertook a geological study and preliminary survey for three selected core hole well locations to fulfil the PSC's firm commitments. From the geological study, it appears that the coal seam of the Muara Enim II PSC is contiguous to our Tanjung Enim PSC, NuEnergy's advanced CBM asset and which is in the midst of being developed. The result from the drilling of these core hole wells will confirm the coal seam lateral distribution hence the extensiveness of the gas resource.</p> <p>Coring operation is on track to complete before the exploration period deadline. NuEnergy is currently preparing the drilling program and the environmental permit for coring activities to be completed by 29 January 2025.</p>	-	-

Impairment assessment

Recoverability of the carrying amount of these PSCs are dependent on the successful exploration and sale of CBM. Management have obtained external valuation reports for all the above PSCs as at 30 June 2023. The Board is of the opinion that the basis and assumptions used in the said valuation reports are still relevant and support the carrying value of these PSCs.

VAT capitalised is eligible to be claimed back from SKK Migas upon production of CBM on a commercial basis. All VAT capitalised relates to ongoing PSCs.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

Note 5 OTHER FINANCIAL ASSETS

	31/12/2023	30/6/2023
	\$	\$
<i>Non-current</i>		
Term deposits related to performance bond guarantee for Indonesia PSC purposes	412,494	628,246

The term deposits are placed for a minimum period of one years or until the performance bond guarantee totalling \$7,383,734 (30 June 2023: \$5,866,746), are withdrawn and the effective interest rate was 0.015%.

NOTE 6 RELATED PARTY PAYABLES

		31/12/2023	30/6/2023
		\$	\$
Amount due to ultimate parent company	6.1	93,607	80,726
Amount due to substantial shareholder	6.2	140,357	139,034
Loans from related corporations	6.3	4,663,214	4,557,946
		4,897,178	4,777,706

- 6.1 The amount due to the ultimate parent, GFB, is non-trade, unsecured, interest free and repayable on demand.
- 6.2 The amount due to the substantial shareholder, New Century Energy Resources Limited ("NCE") is non-trade, unsecured, interest free and repayable on demand.
- 6.3 Loans from related corporations inclusive of interest accrued are unsecured and repayable on demand with financing cost of 10% per-annum charged on the outstanding loan computed on a daily and non-compounding basis.

NOTE 7 PROVISION FOR PRODUCTION SHARING CONTRACT PENALTIES

	31/12/2023	30/6/2023
	\$	\$
Current Production Sharing Contract penalties	9,036,808	9,293,961

The penalties were provided in financial year 2019, for the Bontang Bengalon PSC of \$6,832,709 (30/6/2023: \$7,027,141) and for the Muara Enim II PSC of \$2,204,099 (30/6/2023: \$2,266,820) to fulfil the remaining obligations under the PSC. The decrease in the provision is due to unrealised foreign exchange gains.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

NOTE 8 SHARE CAPITAL

	31/12/2023	30/6/2023
Issued and Paid Up Capital (number of shares)	1,480,955,497	1,480,955,497
Fully paid ordinary shares (\$)	<u>106,450,311</u>	<u>106,450,311</u>

NOTE 9 RESERVES

	31/12/2023	30/6/2023
	\$	\$
Foreign Currency Translation Reserve	<u>8,184,085</u>	<u>9,105,208</u>

NOTE 10 SEGMENT INFORMATION

Operating segments are reported in a manner that is consistent with internal reporting to the chief operating decision maker ("CODM"), which has been identified by the Board of Directors. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, or whose operating results are regularly reviewed by the entity's CODM to make decisions about resources to be allocated to the segment and assess its performance. The Group operated in one segment being the CBM exploration in Indonesia. The measure used by the CODM to evaluate the performance is the CBM exploration meeting the commitments under the PSC.

Geographical location

The exploration assets of the Group are predominantly located in Indonesia. The Company's principal and registered office is located in Australia. All the non-current assets of the Group are located in Indonesia. The Group is currently under the exploration and appraisal phase and has no revenues from external customers.

NOTE 11 EXPENDITURE COMMITMENTS AND CONTINGENT LIABILITIES

Minimum expenditure commitments contracted for under the PSC not provided for in the financial statements:

	31/12/2023	30/6/2023
	\$	\$
Not longer than 1 year	151,715	177,000
Longer than 1 year and not longer than 5 years	<u>1,432,665</u>	<u>1,473,000</u>
	<u>1,584,380</u>	<u>1,650,000</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

NOTE 11 EXPENDITURE COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

The Group's minimum expenditure commitments are the firm commitments as set forth in the Production Sharing Contracts with the Government of Indonesia for which the Group is committed and obligated to complete. The firm commitments under the Indonesian Production Sharing Contract may be moved into future years after negotiation with the Indonesian Oil and Gas Regulator.

The Group has performance bond guarantees at the half year ended of \$7,383,734 (30 June 2023: \$5,866,746) issued to the Government of Indonesia pursuant to the Production Sharing Contract to guarantee the firm commitments that are required to be completed by NuEnergy during the exploration period.

NOTE 12 RELATED PARTIES

Dealings with related parties have been consistent with those disclosed in the 30 June 2023 financial statements.

GFB is the ultimate parent of the Company.

The transactions and balances for the half year ended were as follows:-

- i) During the half-year ended, interest of \$41,103 was payable to PT Indotech Metal Nusantara, a wholly owned subsidiary of GFB and related party to the Company's directors, Goh Tian Chuan and Chen Heng Mun. The total principal and interest payable was \$1,234,133 as at 31 December 2023 (30 June 2023: \$1,159,309).
- ii) During the half-year ended, interest of \$122,512 was payable to AIC Corporation Sdn Bhd, a wholly owned subsidiary of GFB and related party to the Company's directors, Goh Tian Chuan and Chen Heng Mun. The total principal and interest payable was \$3,429,081 as at 31 December 2023 (30 June 2023: \$3,398,637).
- iii) An amount of \$140,357 (30 June 2023: \$139,034) for technical service fees was payable at 31 December 2023 to NCE, a subsidiary of the ultimate parent, GFB and related party of the Company's directors, Kee Yong Wah, Goh Tian Chuan, Chen Heng Mun and the Company's Chairman Kong Kok Keong. There were no technical service fees charged during the year (2023: Nil).
- iv) An amount of \$93,607 (30 June 2023: \$80,726) for directors travelling and corporate expenditure was payable at 31 December 2023 to GFB, the ultimate parent and a related party of the Company's directors Goh Tian Chuan, Chen Heng Mun and the Company's Chairman Kong Kok Keong. The amount of travelling and corporate expenditure incurred for the financial year amounted to \$6,452 (30 June 2023: \$8,497).
- v) The amount of fees and salaries due to Directors as at 31 December 2023 amounted to \$155,833 (30 June 2023: \$155,833). These amounts owing are non-interest bearing.

NOTE 13 SIGNIFICANT EVENTS DURING THE PERIOD

The Company is not aware of any material events that have occurred during the period.

NOTE 14 SIGNIFICANT EVENTS SUBSEQUENT TO PERIOD END

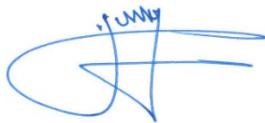
The Company is not aware of any material events that have occurred subsequent to the period end.

DIRECTORS' DECLARATION

In the opinion of the directors of NuEnergy Gas Limited ("the Company"):

- (1) the condensed consolidated financial statements and notes, as set out on pages 10 to 23, are in accordance with the *Corporations Act 2001*, including:
 - (a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the six months ended on that date; and
 - (b) complying with Australian Accounting Standards AASB 134: *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (2) 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:



Kong Kok Keong
Non-Executive Chairman
Dated this 13th day of March 2024



Independent Auditor's Review Report

To the shareholders of NuEnergy Gas Limited

Conclusion

We have reviewed the accompanying **Condensed Half-year Financial Report** of NuEnergy Gas Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Condensed Half-year Financial Report of NuEnergy Gas Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2023 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Condensed Half-year Financial Report** comprises:

- Condensed Consolidated statement of financial position as at 31 December 2023
- Condensed Consolidated statement of profit or loss and other comprehensive income, Condensed Consolidated statement of changes in equity and Condensed Consolidated statement of cash flows for the Half-year ended on that date
- Notes 1 to 14 comprising material accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises NuEnergy Gas Limited (the Company and the entities it controlled at the Half year's end or from time to time during the Half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to Note 1(d), "Going Concern" in the Condensed Half-year Financial Report. The events or conditions disclosed in Note 1(d), indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the Half-year Financial Report. Our conclusion is not modified in respect of this matter.

Responsibilities of the Directors for the Condensed Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Condensed Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*.
- such internal control as the Directors determine is necessary to enable the preparation of the Condensed Half-year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Condensed Half-year Financial Report

Our responsibility is to express a conclusion on the Condensed Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Condensed Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the Half-Year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Condensed 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.



KPMG



Shane O'Connor
Partner
Sydney
13 March 2024