

7 August 2018

Dawn James, Senior Advisor
Listing Compliance (Perth)
ASX Compliance Pty Limited

Dear Dawn,

NUENERGY GAS LIMITED (ASX: NGY)
Information on Appendix 5B

I refer to your letter dated 2 August 2018 and respond to your queries as follows:

1. Does NGY expect that it will continue to have negative operating cash flows for the time being and, if not, why not?

NGY is a gas exploration company and its operating cashflows will remain negative until it has completed exploration, evaluation and development phases on its projects prior to gas production revenue.

Until the generation of revenue from gas production, the Company is reliant on capital raising activities to fund its ongoing exploration and evaluation activities.

The amount of cash outflow during the exploration and evaluation stage depends largely on the extent of the drilling programs to be undertaken by NGY. The drilling programs in turn can be managed or scaled in accordance to the financial strength of NGY. Any decision to incur further drilling expenditure will depend on a few factors including but not limited to NGY's cash position at the relevant time. As such, the operating cash flows will vary from quarter to quarter.

The Board continues to monitor cash flows to ensure the Company remains positioned to achieve its business objectives.

2. Has NGY taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

The Company has initiated steps to raise cash to fund its operations which it believes are likely to be successful. With the recent Tanjung Enim Production Sharing Contract ("PSC") Plan of Development ("POD") submission to the Government of Indonesia, the Company is currently in dialogue with third parties who have made funding approaches and expressed an interest in the POD project and to support the Company to develop its other PSCs. The Company will ensure the necessary release is made once funding is firmed and the decision is finalised and approved by the Board.

3. Does NGY expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

The Company is well advanced in its assessment of and negotiations with funding parties, such as capital placement and other form of funding. In the event funding is delayed, NGY has the option to scale back or modify its operations and exploration activities, if deemed necessary, whilst still achieving its business objectives.

4. Please provide any other information that NGY considers may be relevant to ASX forming an opinion on whether NGY is in compliance with Listing Rule 12.2 (a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing)

NGY holds valuable PSCs in Indonesia which are undergoing value adding exploration programmes. During the quarter, the Company submitted its first POD for the Tanjung Enim PSC to the Government of Indonesia for approval. This represented a quantum first step in redefining its potential to progress to production and commercialisation. The Board believes that the approval of the Tanjung Enim PSC POD will establish a sound platform for the Company's growth. The Company has also been able to raise capital in the past as required to support its activities. With the POD approval, funding options will be firmed up as the Tanjung Enim PSC development advances.

Hence, the Company considers it continues to comply with Listing Rule 12.2 and is in a financial condition to warrant continued quotation of its securities and its continued listing.

5. Please confirm that NGY is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market.

NGY can confirm that it is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to the ASX in accordance with that Rule that has not already been released to the market. However, the Company is regularly negotiating material transactions that may, if executed, require disclosure under Listing Rule 3.1. Until such time as these transactions are complete and no longer confidential, the Company relies on Listing Rule 3.1A in order to not make any disclosure to ASX.

6. Please confirm that NGY's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of NGY with delegated authority from the board to respond to ASX on disclosure matters.

NGY responses to the above questions have been authorised and approved by its Board in accordance with its published continuous disclosure policy and by an officer of the Company with delegated authority to respond to ASX on disclosure matters.

Yours faithfully,

Rozanna Lee
Company Secretary

2 August 2018

Ms Rozanna Lee
Company Secretary
NuEnergy Gas Limited
Level 38, Tower 3
International Towers Sydney
300 Barangaroo Avenue
Sydney NSW 2000

By email:

Dear Ms Lee

NuEnergy Gas Limited ("NGY"): Appendix 5B Query

I refer to NGY's Appendix 5B quarterly report for the period ended 30 June 2018 lodged with ASX Market Announcements Platform on 25 July 2018 (the "Appendix 5B").

ASX notes that NGY has reported:

- negative net operating cash flows for the quarter of \$963,000;
- cash at the end of the quarter of \$1,370,000; and
- estimated cash outflows for the next quarter of \$800,000.

It is possible to conclude, based on the information in the Appendix 5B that if NGY were to continue to expend cash at the rate indicated by the Appendix 5B, NGY may not have sufficient cash to continue funding its operations. In view of that, ASX asks NGY to respond separately to each of the following questions and requests for information:

1. Does NGY expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has NGY taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does NGY expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please provide any other information that NGY considers may be relevant to ASX forming an opinion on whether NGY is in compliance with Listing Rule 12.2 (a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing).
5. Please confirm that NGY is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market.

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6. Please confirm that NGY's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of NGY with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than 7:30 AM WST on Wednesday 8 August 2018. If we do not have your response by then, ASX will have no choice but to consider suspending trading in NGY's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, NGY's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at tradinghaltsperth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to NGY's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that NGY's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in NGY's securities under Listing Rule 17.1.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Kind regards

[Sent electronically without signature]

Dawn James

Senior Adviser, Listings Compliance (Perth)