

11 February 2019

MURALIM GROSS SPLIT PRODUCTION SHARING CONTRACT SIGNED

NuEnergy Gas Limited (ASX:NGY) (“NuEnergy” or “the Company”) is pleased to advise it has executed the Muralim Gross Split Production Sharing Contract (“Gross Split PSC”) with the Indonesian Ministry of Energy and Mineral Resources in Jakarta, Indonesia.

The Company, alongside PT Medco CBM Pendopo (“Medco”) ⁽¹⁾ as its partner to the Muralim PSC, and the Indonesian Government, have agreed to amend and restate the Muralim PSC to the Gross Split PSC scheme. The Gross Split PSC scheme will provide flexibility to the business and the regulatory processes as well as operational execution in order to achieve the highest level of efficiency which is required by the low cost and fast-moving Coal Bed Methane (“CBM”) industries at the current stage in Indonesia.

In 2017, the Indonesian Ministry of Energy and Mineral Resources issued new regulations, introducing a new PSC scheme based on a “Gross Production Split”. The Gross Split PSC replaces the previous cost recovery scheme in favour of a higher contractor share of revenues. Under the cost recovery regime, with the government’s take being directly reduced by contractor expenditure, budgeting is often a lengthy negotiation. Under the new regime, the government’s take no longer depends on the exploration and development costs incurred. The approval process for budgeting is therefore significantly streamlined and no longer bureaucratic, with the determination of optimal expenditure wholly in the discretion of the contractor.

The conversion of the Muralim PSC to the Gross Split PSC is a step in the right direction that will provide the opportunity to strengthen the project economics while at the same time lessening the bureaucratic burden on the execution of the project.

Note:

⁽¹⁾ NuEnergy is the operator of the Muralim PSC and holds a 50% participating interest (“PI”) in the Muralim PSC. In the recent ASX announcement dated 23 January 2019, the Company announced that subject to government approval, it is increasing its PI from 50% to 100% by entering into the Withdrawal and Assignment Agreement with Medco.

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ABOUT NUENERGY

NuEnergy is an independent clean energy company focused on the development of Indonesian unconventional gas assets.

We were established with the goal of providing investors with superior value by safely, reliably and sustainably supplying clean energy to meet the growing energy demands of Indonesia, one of the world's fastest growing economies and energy consuming markets.

We hold six onshore Production Sharing Contracts ("PSC"s), across South Sumatra, Central Sumatra and East Kalimantan. We are now fully focused on quickly moving our high value unconventional gas assets from exploration to development stage, monetizing their reserves, delivering shareholder return and in turn working capital to fund future developments and strategic acquisitions.

NuEnergy has a clear strategy to drive future growth and maximise shareholder return. We are fully committed to complete our Plan of Development ("POD") on our Tanjung Enim PSC, move to commercialization and first gas production.

We are proud to be a pioneer of Indonesia's clean energy industry, helping deliver reliable and robust energy supply to the people and businesses of Indonesia. Our focused strategy ensures we will soon become a significant Indonesian gas producer, maximizing shareholder value and return at every opportunity.

Shareholder Enquiries

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