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QUARTERLY REPORT

FOR PERIOD ENDING 31 DECEMBER 2012



New Guinea
Energy Ltd

ABN 31 112 618 238

Quarterly Activities Report
Period Ending 31 December 2012

30 January 2013

Market Announcements Office
ASX Limited

Quarterly Activities Report – Period Ending 31 December 2012

New Guinea Energy Limited (**NGE**) is pleased to provide the following report on its activities for the period ending 31 December 2012 and its Appendix 5B for the period.

Any queries should be directed to the Company Secretary on 02 9252 0010.

Lucy Rowe
Company Secretary

ACTIVITIES REPORT
QUARTER ENDED 31 DECEMBER 2012

OVERVIEW

- Completion of the Sale and Royalty Agreement of Petroleum Prospecting Licence (**PPL**) 277, providing a total of \$15M to the Company
- Further exploration work underway in PPL 277 through additional seismic acquisition in the licence
- Tendered for drilling contracts
- Completion of independent assessment of prospects and leads
- NGE announced that it is involved in arbitration proceedings with subsidiaries of Talisman Energy and Mitsubishi Corporation

CORPORATE

For most of the second half of 2012 all four of New Guinea Energy Ltd's (**NGE / Company**) 100% owned and operated Licences were with the Department of Petroleum and Energy (**DPE**) awaiting approvals to extend their tenure for a further five years. NGE was pleased to receive offers to extend three of the licences, as announced on 25 October 2012 and 26 October 2012. This allowed NGE to complete the sale of PPL 277 which provided funds of US\$15M in total to the company just prior to Christmas.

PPL265 is the only remaining licence awaiting consideration for an extended tenure. The original 6-year licence expired at the end of November 2012 and as a consequence of the results from the seismic acquisition taken earlier this year, extension applications were lodged with the DPE well in advance of the expiration date. The default position in PNG is that existing equity owners retain acreage positions whilst awaiting an extension decision from the Ministry.

Approval of Licence Variations and Extension for PPL 266 and PPL 267

During the fourth quarter, on 25 October 2012, NGE was pleased to announce that it had accepted an offer by the Minister of Petroleum and Energy to extend the licence period and exploration expenditure programs for PPL 266 and PPL 267, for a further five (5) years.

NGE has an attractive exploration portfolio in Papua New Guinea and is 100% owner and Operator of three licences and 50% equity owner and non-Operator in two licences. The tenure on two 100% owned licences, PPL 266 and PPL 267, expired in mid-August 2011 whilst the tenure on another 100% owned licence, PPL 265, was due to expire at the end of November 2012. Well in advance of expiration dates, applications were lodged with the PNG DPE to extend all licences.

Whilst awaiting endorsement for licence extensions, NGE continued to de-risk its operated licences and on 21 August 2012 announced the results of seismic programs on both PPL 265 and PPL 266 and its objective of farming out equity to fund drilling.

PPL 268 and PPL 269 - Update

On 26 October 2012, the Company informed shareholders that previous statements concerning the timing of drilling in both PPL 268 and PPL 269 may need to be revised.

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NGE has, through its subsidiary Engelberg Limited, filed a Request for Arbitration in relation to PPL 268 against Talisman Niugini Pty Limited (**Talisman**), a wholly owned subsidiary of Talisman Energy Inc, and Diamond Gas Foreland 268 B.V., a wholly owned subsidiary of Mitsubishi Corporation, under the Arbitration Rules of the International Chamber of Commerce. Talisman has filed a Request for Arbitration in relation to PPL 269 against Kirkland Limited and Kirkland Limited has filed a Counter Claim against Talisman and Diamond Gas Foreland 269 B.V. in relation to PPL 269.

The Arbitration proceedings are confidential save to the extent required to comply with the continuous disclosure regime.

Appoint of Principal American Liaison

On 7 December 2012, the Company was pleased to advise that it had appointed Global Hunter Securities LLC (**GHS**), as its Principal American Liaison to sponsor its American Depositary Receipt (**ADR**) program on OTCQX International (**OTCQX**).

NGE trades on the OTCQX under the symbol "NGELY". Each ADR represents 50 ordinary shares listed on the Australian Securities Exchange under the symbol "NGE".

The OTCQX marketplace is the premier tier of the U.S. Over-the-Counter (OTC) market, providing investors with an objective measure to distinguish the best OTC-traded companies. Investor-focused companies use the quality-controlled OTCQX platform to offer investors transparent trading, superior information, and easy access through their regulated U.S. broker-dealers. The innovative OTCQX platform offers companies and their investors a level of marketplace services formerly available only on a U.S. exchange. OTCQX provides the highest level of visibility and access to U.S. investors possible in the OTC Market.

Completion of Sale of PPL 277

On 26 October 2012, NGE was also pleased to announce that it had received an offer from the Minister of Petroleum and Energy to vary the terms of the exploration program and extend the licence period for PPL 277, for a further five years.

On 7 March 2012, NGE announced that it had signed agreements with Esso PNG Exploration Ltd (**Esso**) and Oil Search (PNG) Limited (**OSH**) for the sale of PPL 277.

On 13 December 2012 the Company was pleased to announce that it had completed the sale of PPL 277 to Esso and OSH. Under the terms of the agreements and contingent on receipt of the aforementioned extension of PPL 277 and other requisite government approvals, Esso and OSH have each acquired a 50% participating interest in PPL 277 in exchange for a total payment of US\$15 million (Esso US\$7.5 million, OSH US\$7.5 million). NGE may become entitled to payment of an additional US\$20 million if a Petroleum Development Licence is granted over any part of the original PPL 277 area, and, if commercial production occurs, a royalty over all revenue received from the petroleum produced and sold (**Royalty**).

For illustrative purposes NGE's view of the potential value to NGE for recovered petroleum from PPL 277 is summarised in the table below (applying current economic parameters).

Recovered Petroleum (Bcf)	100	200	500	1,000	2,000
Nominal Value to NGE (\$US M)	48	62	102	174	312

DRILLING RIG

The drilling rig owned by Western Drilling Limited (**WDL**), a Company in which NGE holds a 50% interest with Maps Tuna Limited, is nearly complete. During the quarter, the 74 man heliportable drilling camp arrived in PNG. Work is underway to complete and test all remaining electrical and plumbing works and a robust Health, Safety and Environment System has been established. The combined rig and camp will be ready for deployment shortly.

As part of ongoing discussions with third parties for leasing of the rig plus crew, WDL was invited to submit tenders to two operators during the quarter for upcoming drilling programs.



OPERATIONS

LICENCE SCHEDULE

LICENCE	LOCATION	COUNTRY	AREA km ²	NGE INTEREST
PPL 265	Onshore Papuan Basin	Papua New Guinea	15,550	100%
PPL 266	Onshore Papuan Basin	Papua New Guinea	4,175	100%
PPL 267	Onshore Papuan Basin	Papua New Guinea	3,317	100%
PPL 268	Onshore Papuan Basin	Papua New Guinea	2,109	50%
PPL 269	Onshore Papuan Basin	Papua New Guinea	4,358	50%
		TOTAL	29,509	

PPL 265

Applications to vary the current licence terms and extend the licence period for this PPL were lodged with the DPE on 31 August 2012. Planning is underway for a surface geochemical survey over the Jerai North Prospect for 1H 2013.

PPL 266

On 25 October NGE announced that it had accepted an offer by the Minister of Petroleum and Energy to extend the licence period and exploration expenditure program PPL 266 for a further five (5) years.

PPL 267

On 25 October NGE announced that it had accepted an offer by the Minister of Petroleum and Energy to extend the licence period and exploration expenditure program PPL 267 for a further five (5) years.

Planning is underway for a seismic program to link the Panakawa area seismic grid acquired by NGE to regional data in the southeastern portion of the block. The likely weather window for this program is 3Q 2013.

PPL 268

Talisman (Operator) has proposed a 58 km seismic program in 2Q 2013 over the 268-1 Prospect for the purpose of identifying a drilling location and determining a likely spill point to the large area under closure.

PPL 269

Remapping of the foothills area encompassing the Maipe Leads (A, B, C) was completed utilising recently reprocessed seismic data. Although a risk of fault seal remains for these structures, their proximity to the Ok Tedi Mine and the Mine Access Road significantly lowers the operational and commercial risks. The likely hydrocarbon phases present are gas and condensate. Mapped volumes for gas in-place are 150 bcf for Maipe B and 190 bcf for Maipe C.

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PPL 277

On 13 December 2012 the Company was pleased to announce that it had completed the sale of PPL 277 to Esso PNG Exploration Ltd and Oil Search (PNG) Limited.

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.

Competent Person's Statement

The information in this announcement that relates to NGE's resources is based on information compiled by Dan Kendrick (PhD Geology) an employee of NGE with over 15 years' experience as a practising geologist.

Dan Kendrick consents to the inclusion in this announcement of his information in the form and context in which it appears.

Grant Worner
Chief Executive Officer

Quarterly Activities Report

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CORPORATE DIRECTORY

Directors

Michael N Arnett	Non-Executive Chairman
Sir Michael R Bromley	Non-Executive
Andrew L Martin	Non-Executive
Andrew L Kent	Non-Executive
Andrew A Young	Non-Executive

Chief Executive Officer

Grant A Worner

Company Secretary

Lucy N Rowe

Registered Office

Suite 401, Level 4
2-10 Loftus Street
Sydney NSW 2000

Telephone: 02 9252 0010
Facsimile: 02 9252 0039
Email: office@ngenergy.com.au

Website

www.ngenergy.com.au

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

OTCQX International
304 Hudson Street, 3rd Floor
New York, NY 10013
USA

ASX Code: NGE

POMSoX code : NGE

OTCQX code: NGELY

Share Registry

Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

Telephone: 1300 737 760
+61 2 9290 9600

Facsimile: 1300 653 459
+61 2 9290 0644

Website: www.boardroomlimited.com.au

Auditors

Grant Thornton Audit Pty Ltd
Level 17
383 Kent Street
Sydney NSW 2000

Solicitors

Norton Rose
Grosvenor Place, 225 George Street
Sydney NSW 2000

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

NEW GUINEA ENERGY LTD

ABN

31 112 618 238

Quarter ended ("current quarter")

DECEMBER 2012

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		
1.2	Payments for (a) exploration & evaluation	(1,474)	(11,922)
	(b) development		
	(c) production		
	(d) administration	(533)	(2,043)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	7	232
1.5	Interest and other costs of finance paid	(53)	(154)
1.6	Income taxes paid		
1.7	Other (provide details if material)	10	38
Net Operating Cash Flows		(2,043)	(13,848)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets	-	(24)
1.9	Proceeds from sale of: (a) prospects	14,119	14,119
	(b) equity investments		
	(c) other fixed assets	443	443
1.10	Loans to other entities	(732)	(3,834)
1.11	Loans repaid by other entities		
1.12	Other (advance received)	(1,929)	-
Net investing cash flows		11,901	10,704
1.13	Total operating and investing cash flows (carried forward)	9,858	(3,144)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	9,858	(3,144)
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 (convertible equity bonds)		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
Net financing cash flows		-	-
Net increase (decrease) in cash held		9,858	(3,144)
1.20	Cash at beginning of quarter/year to date	3,381	16,447
1.21	Exchange rate adjustments to item 1.20	117	53
1.22	Cash at end of quarter	13,356	13,356

Payments to directors of the entity and associates of the directors
Payments to 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	119
1.24	Aggregate amount of loans to the parties included in item 1.10	732

1.25 Explanation necessary for an understanding of the transactions

Salaries, fees and superannuation contributions for non-executive directors.
Loans were for payments made on behalf of an entity in which the company holds a 50% interest.

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

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.

The Company has secured a \$40,000,000 equity subscription facility which has not been activated yet.

	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	4,500
4.2 Development	
4.3 Production	
4.4 Administration	450
Total	4,950

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	3,467	1,286
5.2 Deposits at call	9,889	2,095
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	13,356	3,381

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	PPL 277	Beneficial interest	100%	Nil
6.2 Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

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	849,991,193	846,541,193		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	+Convertible debt securities (description)	\$21,537,813 in Unsecured convertible equity bonds due 30 May 2016, representing 107,689,602 fully paid ordinary shares in the Company	-	20 cents	20 cents
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Issue \$525,313 in Unsecured convertible equity bonds due 30 May 2016, representing 2,626,562 fully paid ordinary shares in the Company		20 cents	20 cents
7.7	Options (description and conversion factor)	Conversion of one ordinary share per option 61,700,000 2,500,000 400,000	- - -	Exercise price 45 cents 45 cents 30 cents	Expiry date 1 October 2014 27 July 2014 07 February 2016

+ See chapter 19 for defined terms.

7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter	2,000,000 3,000,000	- -	25 cents 25 cents	28 December 2012 27 December 2012
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

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 \(see note 4\)](#).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

Company Secretary

Date: 30 January 2013

Print name:

Lucy Rowe

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 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, 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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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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+ See chapter 19 for defined terms.