QUARTERLY REPORT

FOR PERIOD ENDING 30 JUNE 2012

New Guinea Energy Ltd

ABN 31 112 618 238

30 July 2012

Market Announcements Office
ASX Limited

Quarterly Activities Report – Period Ending 30 June 2012

New Guinea Energy Limited (**NGE**) is pleased to provide the following report on its activities for the period ending 30 June 2012 and its Appendix 5B for the period.

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

Lucy Rowe

Lucy Rowe
Company Secretary

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ACTIVITIES REPORT
QUARTER ENDED 30 JUNE 2012

NGE HIGHLIGHTS

- Roadshow in Europe, US, and Asia to promote the company to institutional and sophisticated investors.
- Analysis of the seismic acquired and processed earlier in the year in PPL265 and PPL266. Results of analysis and drill decisions pending in 3Q.
- Trapia-1 well spudded in close proximity to PPL277 and likely to reach target depth in 3Q. This is the first drilling that may impact the value received for the PPL277 sale and royalty to ExxonMobil and OilSearch if conditions precedent to the sale are met.
- Further exploration work underway in PPL277 through completion of seismic in the licence in 2Q.

CORPORATE

STRATEGIC REVIEW

Earlier this year NGE announced the sale and royalty of PPL277 to the two largest oil and gas industry participants in PNG, effectively linking part of the Company's growth to the expansion of PNG's first LNG project.

Around the same time Talisman Energy announced Mitsubishi's arrival in PNG's Western Province and of particular relevance to NGE, its farm-in to two licences where NGE owns 50% interests, PPL268 and PPL269. In NGE's view this provided a clear indication of the value of NGE's equity in this area and also offers opportunities for closer ties into potential gas monetisation activities.

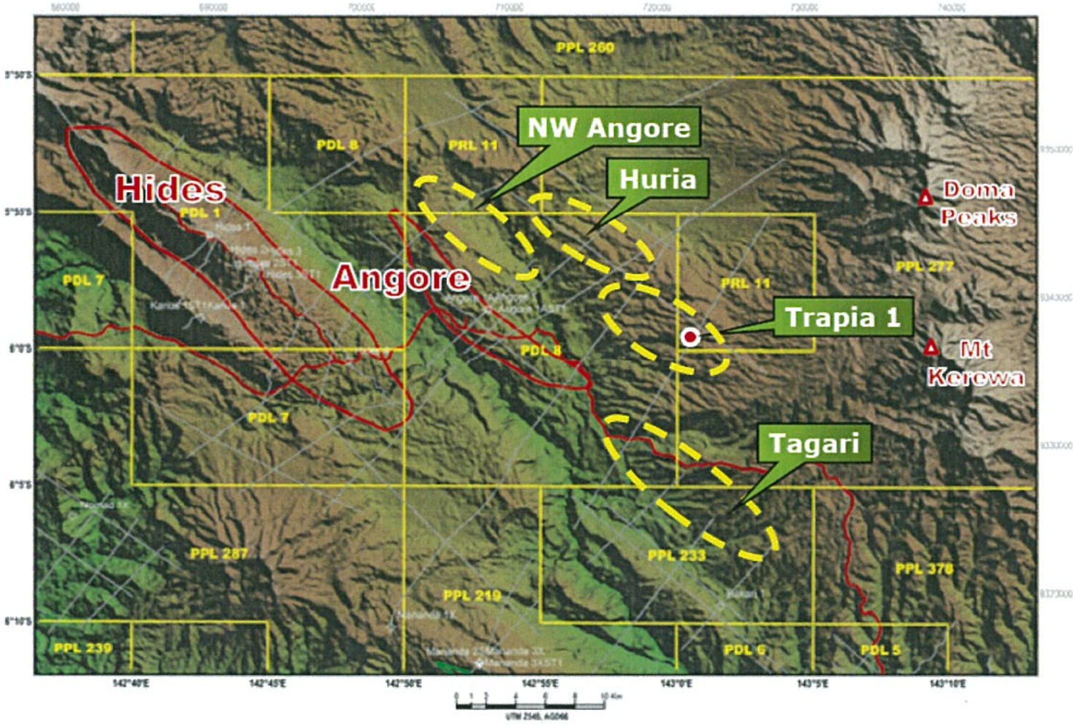
In addition to the entrance of credentialed oil and gas players to the Western Province of PNG, upgrades to discovered reserves of the Ketu, Elevala, Ubuntu and Stanley fields have recently been announced and Horizon Oil announced FID for the Stanley field gas condensate recovery project in PRL 4 on 27 January 2012. In NGE's view, these developments provide further evidence of the hydrocarbon prospectivity of the Western Province of PNG.

After due consideration of the current Western Province market dynamics and the board's view of the value of the Company's PNG acreage, NGE has decided at this stage not to progress with the unsolicited approaches received for certain of the Company's assets.

PPL 277

On 7 March 2012, New Guinea Energy Limited (**NGE**) was pleased to announce that it had signed agreements with Esso PNG Exploration Ltd (**Esso**) and Oil Search (PNG) Limited (**OSH**) for the sale of PPL 277 and if commercial production occurs, a royalty over all revenue received from the petroleum produced and sold. The transaction is subject to a number of conditions precedent, including Ministerial approval and licence specific conditions.

The first exploration activity near PPL 277 is via Esso and OSH's drilling of Trapia-1 near the border between PRL 11 and PPL 277. Trapia is a structure within PRL 11 and east of the Hides and Angore fields and, if proven, may overlap into PPL 277.



NGE was pleased to inform shareholders on 7 June that OSH had announced the spudding of Trapia-1. Future updates on the well's progress can be found on OSH's website at www.oilsearch.com.

ROADSHOW UPDATE

During Q2 2012, NGE management visited institutional and sophisticated investors throughout Australia, Asia, Europe and the United States to promote the Company. Feedback from the marketing roadshow was positive.

DRILLING RIG

The drilling rig owned by NGE's 50% incorporated joint venture with Maps Tuna Limited , Western Drilling Limited is in the final stages of commissioning and negotiations are underway with third parties concerning access to the rig once it is fully operational.

During July-August, final commissioning works and an independent technical review will be followed by a formal inspection by the PNG regulator. This government review is required prior to receiving approval for the rig to operate in PNG.

Quarterly Activities Report
Period Ending 30 June 2012

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OPERATIONS

LICENCE SCHEDULE

LICENCE	LOCATION	COUNTRY	INTEREST
PPL 265	Onshore Papuan Basin	Papua New Guinea	100%
PPL 266	Onshore Papuan Basin	Papua New Guinea	100%
PPL 267	Onshore Papuan Basin	Papua New Guinea	100%
PPL 268	Onshore Papuan Basin	Papua New Guinea	50%
PPL 269	Onshore Papuan Basin	Papua New Guinea	50%
PPL 277*	Onshore Papuan Basin	Papua New Guinea	100%

- On 7 March 2012 Agreements were signed for the sale of PPL 277 subject to conditions

PPL 265

The Balamaris Seismic Survey (completed 1Q 2012) acquired 94km of data across four leads on the flanks of the deepest portion of the Morehead Graben. The seismic program aimed to confirm closure at the Jerai North prospect and constrain maximum depth of burial of potential Jurassic source rocks. The critical risk in this area is hydrocarbon generation based on burial depth. The new data indicates additional burial of 400-500m beyond that measured in the nearby Mata-1 well where 'early mature' oil was extracted from cores. The new seismic suggests the graben is deeper and source rocks would lie in the 'middle' oil generation window. New maturity modelling indicates partial transformation of source material into hydrocarbons is likely.

PPL 266

The Kapikam Seismic Program acquired 48 km of new data during January-March 2012 in north-eastern PPL 266 straddling the PPL 261 and 268 permit boundaries. The infill program focussed on two leads along trend from the Puk Puk gas discovery in adjacent PPL 235. One newly acquired line over a feature on the PPL 266-268 border confirmed that the bulk of the closure is located in PPL 266. An additional round of seismic reprocessing is necessary to map the extent of closure.

Approval to drop the well commitment for years 5 and 6 was granted and an application to extend the licence period and exploration expenditure program for this PPL was lodged with the Department of Petroleum and Energy on 22 February 2011.

PPL 267

An application to extend the licence period and exploration expenditure program for this PPL was lodged with the Department of Petroleum and Energy on 22 February 2011. NGE has suspended exploration activity in this block until formal approval of the extension is in hand.

PPL 268

Talisman (Operator) has proposed a 50 km program over the 268-1 Prospect and adjacent areas. The joint venture is in discussions as to the timing of that acquisition. The aim of the new round of acquisition is to define the southeastern closure of Lead 268-1 and constrain the size of two large basement features along trend.

The estimated total depth of a well on the Lead 268-1 target is 2850m and easily within the capability of the newly arrived Western Drilling Limited rig, which is part-owned by NGE.

PPL 269

Talisman (Operator) has highgraded prospectivity of the Champion and Tarim structures in western PPL 269. The Kimu Sandstone, recently discovered at Stanley-2 is now thought to extend to the northwest and be present at Champion and another lead on the Indonesian border.

Seismic reprocessing of a number of key lines in PPL 269 is nearing completion. Improved imaging on these lines will help to locate and prioritise new acquisition.

PPL 277

The joint Esso PNG/Oil Search seismic program in western PPL 277 was completed in 2Q 2012. This activity forms part of the recently announced sale agreement of NGE's interest in the permit to Esso/Oil Search. The aim is to acquire data to determine the extent of the Trapia Prospect into western PPL 277 as well as evaluate newly identified leads on trend.

The Trapia-1 well spudded on June 4, 2012 immediately west of the PPL 277 boundary. As of July 12, Trapia-1 was at a depth of 188m. Preliminary drilling results are expected in the third quarter.

Grant Worner
Chief Executive Officer

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 each 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.

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

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Stock Exchange Listings

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Auditors
Grant Thornton Audit Pty Ltd
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383 Kent Street
Sydney NSW 2000

Solicitors
Norton Rose
Grosvenor Place, 225 George Street
Sydney NSW 2000

Rule 5.3

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	Quarter ended ("current quarter")
31 112 618 238	JUNE 2012

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter $A'000	Year to date (6 months) $A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation	(1,932)	(9,204)
	(b) development		
	(c) production		
	(d) administration	(607)	(1,081)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	59	209
1.5	Interest and other costs of finance paid	(101)	(101)
1.6	Income taxes paid		
1.7	Other (provide details if material)	4	19
	Net Operating Cash Flows	(2,577)	(10,158)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets	(5)	(18)
1.9	Proceeds from sale of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets		
1.10	Loans to other entities	(974)	(2,332)
1.11	Loans repaid by other entities		
1.12	Other (advance received)	1,929	1,929
	Net investing cash flows	950	(421)
1.13	Total operating and investing cash flows (carried forward)	(1,627)	(10,579)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(1,627)	(10,579)
	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	(1,627)	(10,579)
1.20	Cash at beginning of quarter/year to date	7,473	16,447
1.21	Exchange rate adjustments to item 1.20	1	(21)
1.22	**Cash at end of quarter**	5,847	5,847

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	173
1.24	Aggregate amount of loans to the parties included in item 1.10	974

1.25 Explanation necessary for an understanding of the transactions

Salaries, fees and superannuation contributions for executive and 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

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	1,225
4.2	Development	
4.3	Production	
4.4	Administration	500
	Total	1,725

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	1,882	1,041
5.2	Deposits at call	3,965	6,432
5.3	Bank overdraft		
5.4	Other (provide details)		
	Total: cash at end of quarter (item 1.22)	5,847	7,473

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				
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)*	$21,012,500 in Unsecured convertible equity bonds due 30 May 2016, representing 105,062,500 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 $512,500 in Unsecured convertible equity bonds due 30 May 2016, representing 2,562,500 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		*Exercise price*	*Expiry date*
		2,000,000	-	25 cents	28 December 2012
		3,000,000	-	25 cents	27 December 2012
		61,700,000	-	45 cents	1 October 2014
		2,500,000	-	45 cents	27 July 2014
		400,000	-	30 cents	07 February 2016

+ See chapter 19 for defined terms.

7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
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: Date: 30 July 2012

Company secretary

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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