



PROSPECTUS

NEW GUINEA ENERGY LIMITED ***ACN 112 618 238***

The purpose of this Prospectus is for the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules (pursuant to ASX Listing Rule 11.1.3) in connection with a change in the nature and scale of the Company's activities, and to update the market of the full terms of that change.

*Under this Prospectus, the Company also offers up to 1,000 Shares at an issue price of \$1.00 per Share to raise up to \$1,000 (**Offer**), however the Company does not intend to issue any Shares under this Prospectus.*

This is an important document that should be read in its entirety. You should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest in the Company.

For any questions about the Offer or this Prospectus, please contact Mr Leslie Smith, Company Secretary on +61 3 9648 2290.

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1. Introduction

1.1 Important Information

This Prospectus is dated 31 October 2016 and was lodged with ASIC on that date (**Prospectus Date**). Neither ASIC nor ASX nor any of their officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

The Offer contained in this Prospectus is an invitation for you to apply for fully paid ordinary shares in New Guinea Energy Limited (**Company**).

However, the purpose of this Prospectus is:

- (a) to meet the requirements of ASX and satisfy Chapters 1 and 2 of the ASX Listing Rules in connection with a change in the nature and scale of the Company's activities; and
- (b) comply with the Company's continuous disclosure obligations and ensure that the market is fully informed of the full terms of the change.

For these reasons, the Company does not intend to issue any Shares under the Prospectus. Accordingly, there is no minimum subscription under the Offer, and the Offer is not underwritten.

The Company has applied to the ASX for re-listing of the Company. The Company will apply to the ASX for the quotation of any Shares issued under this Prospectus within 7 days after the Prospectus Date. No Shares may be issued on the basis of this Prospectus later than 13 months after the Prospectus Date.

For more information about the Offer, see Section 7.

1.2 Note to applicants

The information contained in this Prospectus is not financial product advice and does not take into account the investment objectives, financial situation, or any particular needs of any prospective investor.

It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest in the Company in light of your investment objectives, financial situation and particular needs (including financial and taxation issues). You should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest in the Company.

No person is authorised to give any information or to make any representation in connection with this Prospectus, which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company, its Directors or any other person in connection with this Prospectus.

1.3 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by the use of forward-looking terminology or words such as, without limitation, "may", "could", "will", "would", "should", "believes", "estimates", "aims", "expects", "intends", and other similar words that involve risks and uncertainties. These forward-looking statements include matters that are not historical facts. Such statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the Prospectus Date, are expected to take place.

Forward-looking statements are not guarantees of future performance, and involve and are subject to various known and unknown risks, uncertainties, assumptions and other important factors (including the risks factors set out in Section 5) that could cause actual events or outcomes to differ materially from the events or outcomes expressed or anticipated in these statements. Many of these statements are beyond the control of the Company, Directors and management.

The Company, and its Directors and management cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur. Investors are cautioned not to place undue reliance on these forward-looking statements. The Company has no intention of updating or revising forward-looking statements, or publishing prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

1.4 Conditional Offer

The Offer is subject to the Condition set out in Section 7.2.

2. Timetable

Action	Date
General Meeting of Shareholders	28 October 2016
Prospectus Date	31 October 2016
Offer opens	31 October 2016
Closing date	1 November 2016
Anticipated completion of the Significant Change	November 2016
Anticipated timing of reinstatement of Company's Securities to official quotation on ASX	November 2016

These dates are indicative only and subject to change. The Directors reserve the right to vary these dates without prior notice to Shareholders.

3. Investment overview

This Section is a summary only and not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. You should read and consider this Prospectus in its entirety.

3.1 Overview of the Company and Significant Change

Topic	Summary	More information
Who is New Guinea Energy Limited?	New Guinea Energy Limited (Company) is a public company limited by shares, and has been listed on the Official List since 28 December 2007. Based in Melbourne, the Company's principal business focus has historically been on oil and gas exploration in PNG. The Shareholders of the Company have approved for the	Section 4.1

Topic	Summary	More information
	Company to undergo a significant change to the nature and scale of its activities into those of a Listed Investment Company (LIC). The Board is of the opinion that as a LIC, the Company will be better placed to generate strong risk-adjusted returns for its Shareholders over the medium to long term, than if the Company were to remain in the oil and gas sector.	
What is a LIC?	A LIC is an entity whose principal activities relate to investing (directly or indirectly) in listed and unlisted securities and whose objectives do not include exercising control over or managing any entity, or the business of any entity, in which it invests.	Section 4.2
What is the Company required to do to change to a LIC?	The Company must, in addition to obtaining approval from its Shareholders to change the nature of its activities to a LIC: - re-comply with Chapters 1 and 2 of the ASX Listing Rules in accordance with ASX Listing Rule 11.1.3, including by obtaining ASX approval to reinstatement of the Company to official quotation on the ASX; and - issue this Prospectus. The Board expects that the Company will be able to satisfy all the conditions for re-admission.	Section 4.3
When is the change anticipated to be completed and the Shares reinstated to official quotation on ASX?	It is anticipated that completion of the change to a LIC and reinstatement of the Company's Securities to official quotation on ASX will occur in November 2016.	Section 2
What will be the Company's business activities after changing to a LIC?	The Company will retain all its current assets and operations. Its principal activities will consist of making investments in listed or unlisted securities and derivatives in companies where the Board perceives there to be material upside potential, and in any industry, including oil and gas. The Company's focus market will be Australia, however it will be open to opportunities to invest internationally. These investments will be passive or non-controlling and, in compliance with ASX Listing Rule 19, the Company's objectives and investment mandate will not include the exercise of control over or managing these entities or the business of these entities.	Section 4.4
What is the Company's investment mandate?	The investment objective of the Company is to realise positive returns on its investments regardless of the underlying movement in value of the investment markets, and to generate strong risk-adjusted returns for Shareholders over the medium to long term, whether by way of capital growth and/or regular income from interest, dividends, fees or profit from realisation on asset sales. The Company's investment mandate is intended to be as broad as permitted under the ASX Listing Rules, and the Board will have a wide discretion, within the terms of the investment mandate, to determine which investments to pursue on behalf of the Company's Shareholders, and to allocate capital to the most attractive opportunities available to the Company across all sectors and regions. The Board will investigate and select potential investment opportunities based on an assessment of a wide range of factors, including the size of the investment, projected revenue, costs and profits, growth potential, credit risk, asset and cash flow profile,	Section 4.5

Topic	Summary	More information
	assessment of the management team, and the maturity profile and liquidity of the potential investment. There will be no minimum or maximum number of investments in the Company's investment portfolio, however more or less may be held depending on the number of suitable investments identified that are expected to meet performance expectations.	
What are the Company's existing assets and activities?	The Company will maintain its current corporate structure. The Company will retain its current assets and operations, which comprise of: - pro forma historical cash and liquid investments as at 30 June 2016 of approximately \$19.2 million, including \$15.5 million of cash and a \$3.4 million equity investment in Karoon Gas Australia Limited; - Petroleum Prospecting Licence (PPL) 266 and PPL 267 for exploration of oil and gas in PNG. The Company has announced to ASX that it has lodged applications to surrender these PPLs; - a 50% interest in joint venture Western Drilling Limited; and - contractual rights to receive contingent payments of up to US\$28 million and uncapped royalties in connection with the sale of PPL 269 and PPL 277.	Sections 4.6 and 4.9

3.2 Key investment highlights and key risks

Topic	Summary	More information
Key investment highlights	Some key highlights of investing in the Company include: - investment in a broader range of investments and diversification away from the oil and gas sector; - management by Directors and executives who have significant experience in the investment industry which can potentially lead to increased returns to Shareholders; - the Chairman, directly and indirectly, has a significant equity stake in the Company, ensuring alignment with Shareholders' interests; and - the future potential to exploit attractive investment opportunities within the Company's proposed investment mandate.	Section 4.10
Key risks	Some key risks specific to the Company include: - continued suspension of the Company's quoted Securities if the Company is unable to satisfy one or more of the conditions for re-admission to the Official List; - non-compliance with the Corporations Act; - reliance on key personnel; - risk of individual investments in the Company's portfolio falling in value; - potential for negative impact on the Company's	Section 5

Topic	Summary	More information
	investments from changes in interest rates; • potential for adverse taxation treatment of investments made by the Company compared to investing directly; • potential for a lack of liquidity in the Company's underlying investments; • financial market volatility; • the performance of other asset classes may encourage investors to divert funds away from equity markets, which may have a negative impact on the value of the Company's investment portfolio; • the value of the Company's investment portfolio may not change in line with the overall movements in the market, which may result in relative underperformance; • changes to tax systems may impact on investment returns; • concentration risk of the Company's investment portfolio; • potential for exposure to unlisted securities; • future capital requirements; and • potential for the Company's Shares to trade at a discount to net asset value. More discussion on each of these risk factors is set out in Section 5, as well as discussion about further general risks of an investment in the Company.	

3.3 Financial information

Topic	Summary	More information
What is the Company's pro forma financial position?	Following the Significant Change, the Company will become a LIC focussing its business activities on sourcing and evaluating suitable investment opportunities. Therefore, the Company's past operational and financial historical performance will not be of significant relevance to its future activities as a LIC. Accordingly, the Company is not in a position to disclose any key financial metrics or ratios. However, the Company has disclosed its historical consolidated statement of financial position and pro forma historical consolidated statement of financial position as at 30 June 2016 (see Section 8). As mentioned in Sections 3.1 and 4.3, the Board expects that the Company will be able to satisfy all the conditions for re-admission, including Listing Rule 1.3.1A, which provides that, at the time of admission, an investment entity must have net tangible assets of at least \$15 million after deducting the costs of fund raising. The Company satisfies the requirements of Listing Rule 1.3.1A with pro forma historical net tangible assets as at 30 June 2016 of approximately \$19.1 million, including \$15.5 million of cash.	Sections 4.3, 7.12 and 8

3.4 Directors and senior management

Topic	Summary	More information
Who are the Directors of the Company?	Mr David Lamm, <i>Executive Chairman</i> Sir Michael Bromley, <i>Non-Executive Director</i> Mr Adam Saunders, <i>Non-Executive Director</i> Mr Grant Worner, <i>Non-Executive Director</i> The Directors will use their experience and expertise to manage the Company's investment portfolio and implement its business plan. This internal management and governance structure will avoid the need for the Company to pay fees that would otherwise be paid if an external manager were appointed. Given the Directors' skill sets, there are no current intentions to change the composition of the Board.	Sections 4.7 and 6.1
Who are key members of senior management of the Company?	Mr David Lamm, <i>Executive Chairman</i> Mr Leslie Smith, <i>Chief Financial Officer and Company Secretary</i>	Sections 6.1 and 6.2

3.5 Interests of officers and stakeholders, and arrangements with related parties

Topic	Summary	More information	
What significant benefits and interests are held by or payable to Directors and other stakeholders connected with the Company?	Director or stakeholder	Interest or benefit	
	Mr David Lamm	Remuneration as Executive Chairman of the Company; Shareholding in the Company; Other reasonable travelling, accommodation and other expenses	Section 6.3
	Non-Executive Directors	Directors' fees; Other reasonable travelling, accommodation and other expenses	Section 6.3
	Mr Leslie Smith	Remuneration as Chief Financial Officer and Company Secretary	Section 6.4
	Advisers and other service providers	Fees for services	Section 10.2
Related party transactions	The Company or its subsidiary has entered into the following other agreements and arrangements with or in respect of a related party: - deeds of indemnity, insurance and access with each Director; - Directors' and Officers' Insurance in respect of each Director and the Company Secretary; - licence agreement to use office premises with Kentgrove	Sections 6.5 and 6.6	

Topic	Summary	More information
	Capital Pty Ltd, an entity controlled by Mr David Lamm (Executive Chairman of the Company); - WDL Shareholders' Agreement with Maps Tuna Limited, an entity controlled by Sir Michael Bromley (Non-Executive Director of the Company); - Loan to WDL; - WDL administrative services obtained from an employee of Heli Niugini Limited, an entity of which Sir Michael Bromley (Non-Executive Director of the Company) is a director.	

3.6 The Offer

Topic	Summary	More information
What is the Offer?	Under this Prospectus, the Company is offering up to 1,000 fully paid ordinary shares in the Company at an issue price of \$1.00 per share, to raise up to \$1,000. More information about the Offer is set out in Section 7.	Section 7.1
What is the purpose of the Prospectus?	The purpose of this Prospectus is: - to meet the requirements of ASX and satisfy Chapters 1 and 2 of the ASX Listing Rules in connection with the change of the Company's principal activities to those of a LIC; and - to comply with the Company's continuous disclosure obligations and ensure that the market is fully informed of the full terms of the change to a LIC. For these reasons, the Company does not intend to issue any Shares under this Prospectus, and the Directors reserve the right not to issue or allot any Shares under the Prospectus.	Section 7.1
Is the Offer conditional?	Yes. Completion of the Offer is subject to the Company receiving approval from ASX that it has complied with Chapters 1 and 2 of the ASX Listing Rules on terms reasonably acceptable to the Company.	Section 7.2

Topic	Summary			More information
How will the proceeds of the Offer be used?	The table below sets out the Company's intended application of the proceeds from the Offer and its existing cash reserves over a two year period (from the date of reinstatement to trading on the ASX).			Sections 7.4 and 10.4
	Use of funds	Year 1	Year 2	
	New investments	\$6,939,000	\$6,675,000	
	Review & evaluation of new business opportunities	\$25,000	\$25,000	
	Expenses of the Offer	\$236,000	\$nil	
	Working capital	\$800,000	\$800,000	
	TOTAL	\$8,000,000	\$7,500,000	

4. The Company

4.1 Company overview

The Company is a public company limited by shares and has been listed on the Official List since 28 December 2007 (ASX code: NGE). Based in Melbourne, the Company's principal business focus has historically been on oil and gas exploration in PNG.

On 28 October 2016, the Company obtained the requisite approvals pursuant to ASX Listing Rule 11.1.2 at a meeting of its Shareholders to undergo a significant change to the nature and scale of the activities of the Company into those of a Listed Investment Company (**LIC**) within the definition of "investment entity" in ASX Listing Rule 19 (**Significant Change**).

Upon completion of the Significant Change, the Company will operate as a LIC. The Board is of the opinion that as a LIC, the Company will be better placed to generate strong risk-adjusted returns for its Shareholders over the medium to long term, than if the Company were to remain in the oil and gas sector.

4.2 Listed Investment Company

A LIC is an entity whose principal activities relate to investing (directly or indirectly) in listed and unlisted securities and whose objectives do not include exercising control over or managing any entity, or the business of any entity, in which it invests (although the Company notes that it will continue to hold a 50% interest in WDL). As a LIC, the Company will have greater freedom to deploy its cash balance in a broader range of investments, outside of oil and gas, and thereby provide a greater opportunity to generate strong risk-adjusted returns for Shareholders.

4.3 Significant Change to a LIC

The ASX has advised the Company that, given that the Significant Change constitutes a significant change in the nature of the Company's activities pursuant to Chapter 11 of the ASX Listing Rules, the ASX has exercised its discretion under ASX Listing Rules 11.1.2 and 11.1.3 to require the Company:

- (a) to obtain approval from its Shareholders for the Significant Change - such approval was obtained at the Meeting on 28 October 2016; and
- (b) to re-comply with Chapters 1 and 2 of the ASX Listing Rules, pursuant to ASX Listing Rule 11.1.3, including by:
 - (i) obtaining conditional ASX approval to the reinstatement of the Company to official quotation on the ASX on conditions satisfactory to the Company - the Company lodged its application for re-admission to the Official List on 10 October 2016; and
 - (ii) issuing this Prospectus.

The Board expects that the Company will be able to satisfy all the conditions for re-admission, including Listing Rule 1.3.1A, which provides that, at the time of admission, an investment entity must have net tangible assets (**NTA**) of at least \$15 million after deducting the costs of fund raising. The Company satisfies the requirements of Listing Rule 1.3.1A with pro forma historical NTA as at 30 June 2016 of approximately \$19.1 million, including \$15.5 million of cash. See Section 8 (Investigating Accountant's Report) for further details.

4.4 Business activities

If the Significant Change proceeds, as a listed "investment entity" (within the definition of ASX Listing Rule 19), the Company will retain all its current PNG assets and operations (see Section 4.9 for a summary of the Company's existing assets and activities). In addition, the Company will have greater flexibility to utilise its material cash reserves in a broader range of investments with the objective of generating strong risk-adjusted returns for Shareholders over the medium to long term.

The Company's principal activities will consist of making investments in listed or unlisted securities and derivatives in companies where the Board perceives there to be material upside potential. These investments will be passive or non-controlling and, in compliance with ASX Listing Rule 19, the Company's objectives and investment mandate will not include the exercise of control over or managing these entities or the business of these entities (although the Company notes that it will continue to hold a 50% interest in WDL - refer to Section 4.9). The Company will not enter into any management agreements or similar arrangements with the companies in which it invests.

The Company will be able to make investments in any industry, including oil and gas, and will be able to diversify across sectors, companies and trends. The Company's focus market will be Australia, however it will remain open to opportunities to invest internationally.

4.5 Investment mandate

The investment objective of the Company is to realise positive returns on its investments regardless of the underlying movement in value of the investment markets, and to generate strong risk-adjusted returns for Shareholders over the medium to long term, whether by way of capital growth and/or regular income from interest, dividends, fees or profit from realisation on asset sales.

The Company's investment mandate is intended to be as broad as permitted under the ASX Listing Rules, and the Board will have a wide discretion, within the terms of the investment mandate, to determine which investments to pursue on behalf of the Company's Shareholders.

As a LIC, the Company will have the flexibility to respond quickly to a wide range of investment opportunities and allocate capital to the most attractive opportunities available to the Company across all sectors and regions.

The Company believes that financial markets and individual securities can and do significantly deviate away from their fair value, and that there is potential to generate strong risk-adjusted returns for Shareholders by investing in select securities at opportune times.

The Board will investigate and select potential investment opportunities based on an assessment of a wide range of factors, including the size of the investment, projected revenue, costs and profits, growth potential, credit risk, asset and cash flow profile, assessment of the management team, and the maturity profile and liquidity of the potential investment.

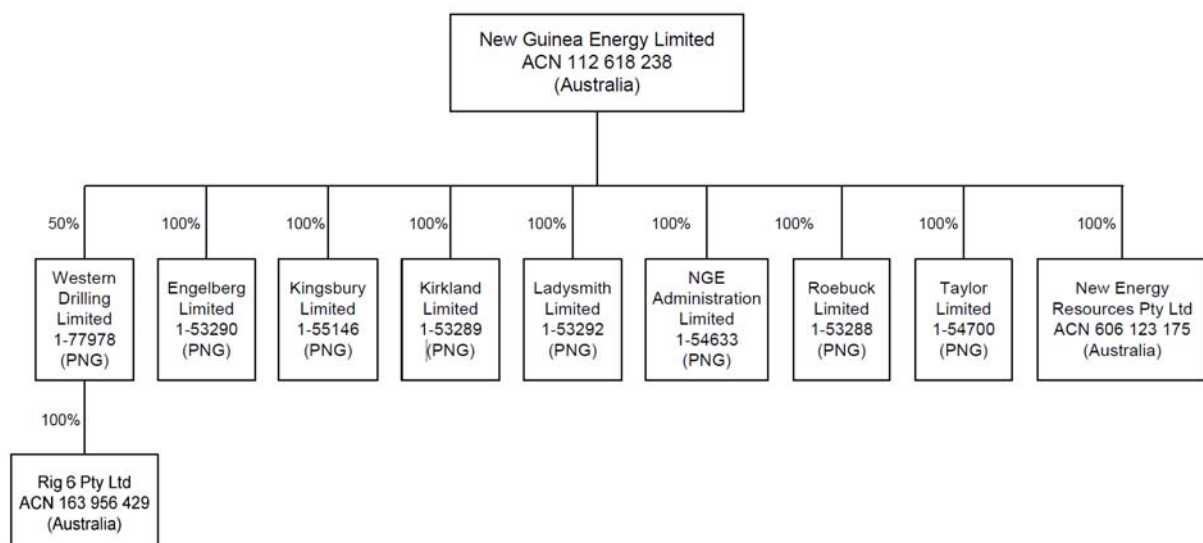
The Company expects that it will focus its investments on equity securities in listed or unlisted entities, however the Company's investment mandate will allow the Company to be an active investor in a wide range of assets in accordance with its investment objectives, including but not limited to:

- (a) listed and unlisted securities;
- (b) derivatives including warrants and options;
- (c) hybrids and convertible instruments;
- (d) bonds, fixed income securities and other debt instruments;
- (e) secured and unsecured loans;
- (f) currencies; and
- (g) any other investment approved by the Board.

There will be no minimum or maximum number of investments in the Company's investment portfolio, however more or less may be held depending on the number of suitable investments identified that are expected to meet performance expectations.

4.6 Corporate structure

As an investment entity, the Company will maintain its current corporate structure. The diagram below sets out the Company's subsidiaries and its interest in WDL.



Details of these entities are as follows:

- (a) Western Drilling Limited (PNG Company Number 1-77978): The Company holds a 50% interest in the incorporated joint venture WDL. The other 50% is owned by Maps Tuna Limited, an entity controlled by Sir Michael Bromley (Non-Executive Director of the Company). This joint venture was formed for the purpose of acquiring, refurbishing and leasing out a fit-for-purpose onshore rig, along with a 74-man camp, for drilling operations in PNG. The Company currently applies equity accounting for its investment WDL. See further details in Section 4.9;
- (b) Rig 6 Pty Ltd (ACN 163 956 429): This entity is a wholly-owned subsidiary of WDL. Rig 6 Pty Ltd owns spare rig parts and sundry drilling equipment on behalf of WDL which are of no material value;
- (c) Engelberg Limited (PNG Company Number 1-53290): This entity is a wholly-owned subsidiary of the Company. Its business was to hold interests in PPL 268. On 21 August 2015, the Company announced to ASX that it had received Ministerial approval in accordance with the PNG *Oil and Gas Act 1998* for the surrender of PPL 268. This entity no longer owns any assets or carries on any business;
- (d) Kingsbury Limited (PNG Company Number 1-55146): This entity is a wholly-owned subsidiary of the Company and its business was to hold interests in PPL 277. All of Kingsbury Limited's interests in PPL 277 have since been sold to Esso PNG Exploration Limited (as to 50%) and Oil Search (PNG) Limited (as to 50%). For more details, see Sections 4.9(e) and 9.2;
- (e) Kirkland Limited (PNG Company Number 1-53289): This entity is a wholly-owned subsidiary of the Company and its business was to hold interests in PPL 269. All of Kirkland Limited's interests in PPL 269 have since been sold to Barracuda Limited, a subsidiary of Santos Limited. For more details, see Sections 4.9(e) and 9.2;
- (f) Ladysmith Limited (PNG Company Number 1-53292): This entity is a wholly-owned subsidiary of the Company and its business was to hold interests in PPL 266. On 11 August 2016, the Company announced to ASX that it had lodged applications to surrender PPL 266 to the PNG Department of Petroleum and Energy. If the application to surrender this PPL is approved, then this entity will no longer own any assets or carry on any business;
- (g) NGE Administration Limited (PNG Company Number 1-54633): This entity is a wholly-owned subsidiary of the Company. The business of this entity is to carry out the Company's administrative function and certain operational and trading activities in PNG;
- (h) Roebuck Limited (PNG Company Number 1-53288): This entity is a wholly-owned subsidiary of the Company and its business was to hold interests in PPL 267. On 11 August 2016, the Company announced to ASX that it had lodged applications to surrender PPL 267 to the PNG Department of Petroleum and Energy. If the application to surrender this PPL is approved, then this entity will no longer own any assets or carry on any business;
- (i) Taylor Limited (PNG Company Number 1-54700): This entity is a wholly-owned subsidiary of the Company and its business was to hold interests in PPL 265. On 18 February 2015, the Company announced to ASX that the PNG Minister for Petroleum and Energy had not granted an extension of PPL 265. Accordingly, the licence was relinquished and this entity no longer owns any assets or carries on any business; and
- (j) New Energy Resources Pty Ltd (ACN 606 123 175): This entity is a wholly-owned subsidiary of the Company. The business of this entity is to conduct share trading activities on behalf of the Company.

4.7 Board and governance structure

Following the Significant Change, the Company will maintain its current governance structure. The Directors have broad commercial, financial markets and investment experience across diverse industries, as well as senior relationships in the Australian financial markets and other regions, which will be relevant to the Company's proposed activities as a LIC.

The Directors will use their experience and expertise to manage the Company's investment portfolio and implement its business plan. This internal management and governance structure will avoid the need for the Company to pay fees that would otherwise be paid if an external manager were appointed. Accordingly, given the Directors' skill sets, there are no current intentions to change the composition of the Board. Mr David Lamm will continue to act as Executive Chairman of the Board.

For more information on each of the Directors, see Section 6.1.

4.8 Risk management

An Investment Committee will be created under the Board's power of delegation under section 198D of the Corporations Act and the Company's Constitution. This committee will be authorised to seek, negotiate and execute investments in line with the Company's objectives. The Investment Committee will comprise of Mr David Lamm (Chairman), Mr Grant Worner, Mr Adam Saunders and Sir Michael Bromley.

The Audit Committee will ensure that the Company's approach to risk in its investment activities reflects the Board's risk appetite and the Company's new corporate strategy of focussing on generating strong risk-adjusted returns for Shareholders over the medium to long term. The Audit Committee currently comprises of Mr Adam Saunders (Chairman), Sir Michael Bromley and Mr Grant Worner. Following implementation of the Significant Change, the Audit Committee will comprise of Mr Grant Worner (Chairman), Sir Michael Bromley and Mr Adam Saunders.

4.9 Existing assets and activities

The Company will retain its current assets and operations following implementation of the Significant Change. Currently, the Company's material assets comprise of the following:

(a) Cash

As at 30 June 2016, the Company had pro forma historical cash and liquid investments of approximately \$19.2 million, including \$15.5 million of cash. See Section 8 (Investigating Accountant's Report) for further details.

(b) Petroleum Prospecting Licences

The Company (through its Subsidiaries) holds two onshore PPLs in PNG (PPL 266 and PPL 267) for the exploration of oil and gas in PNG. On 11 August 2016, the Company announced to ASX that it had lodged applications to surrender these PPLs to the PNG Department of Petroleum and Energy. The Company has requested that, should the applications be approved, the surrender become effective on and from 11 August 2016.

As at the Prospectus Date, the Company has not received confirmation that its application to surrender these PPLs has been approved. The Company still has outstanding expenditure obligations and commitments under these PPLs of approximately \$29.7 million in aggregate due within the next 12 months. In these circumstances, the Company does not intend to and will not meet those expenditure obligations and commitments. Despite this, the Board has no reason to believe that the applications to surrender the PPLs will not be approved.

(c) Western Drilling Limited

The Company holds a 50% interest in WDL. The other 50% of this incorporated joint venture is owned by Maps Tuna Limited (PNG Company Number 1-33931), an entity controlled by Sir Michael Bromley (Non-Executive Director of the Company). See Section 9.1 for details of the Shareholders' Agreement between the Company and Maps Tuna Limited in respect of WDL.

This joint venture was formed for the purpose of acquiring, refurbishing and leasing out a fit-for-purpose onshore rig, along with a 74-man camp, which is specifically designed for drilling operations in remote locations in PNG. On 15 May 2014, WDL signed a contract with InterOil Corporation for the use of the rig to drill a single well with an option for a second well, with drilling commencing on 16 September 2014. The contract completed on 4 July 2015 with one well drilled. WDL received approximately US\$22.3 million in gross proceeds over the term of this contract.

Since completion of the InterOil contract, due to the lack of an active market or reliable demand for this asset at this time, the rig has been demobilised, cold stacked, preserved and stored at a storage facility in Roku, PNG. The value of the Company's investment in WDL was fully impaired at 31 December 2015 as noted in the Company's 2015 Annual Report.

Despite this, and despite the Company's intentions following the Significant Change, the Board considers that it is not currently in the best interests of the Company to divest its interest in WDL.

(d) Equity investments in other entities

The Company holds 2,677,356 shares in Karoon Gas Australia Limited (ASX code: KAR) (**Karoon**). The Company's stake was valued at approximately \$3.4 million based on Karoon's share price as at 30 June 2016.

The Company also has a 4.05% interest in an unlisted company, PFE Holdings Pty Ltd, and approximately \$0.14 million invested in other listed entities as at 30 June 2016.

(e) Contingent payments and royalties

The Company (through its Subsidiaries) holds contractual rights to receive contingent payments of up to US\$28 million and uncapped royalties in connection with the sale of PPL 269 and PPL 277. For more information, see Section 9.2.

4.10 Key investment highlights

The following non-exhaustive list sets out some of the key highlights of investing in the Company, which may be relevant to a decision on whether to apply for Shares under this Prospectus:

- (a) The Company will be able to invest in a broader range of investments and diversify away from the oil and gas sector.
- (b) The Company will be managed by Directors and executives who have significant experience in the investment industry which can potentially lead to increased returns to Shareholders.
- (c) The Chairman, directly and indirectly, has a significant equity stake in the Company, ensuring alignment with Shareholders' interests.
- (d) As a LIC, the Company has the future potential to exploit attractive investment opportunities within the Company's proposed investment mandate.

Details of some of the risk factors affecting an investment in the Company are set out in Section 5.

5. Risks

5.1 Introduction

An investment in the Company is subject to various risk factors that may have an adverse effect on the Company's future operating and financial performance and the price of its Shares. The Company's business activities following the Significant Change are subject to risk factors both specific to its business activities and of a general nature.

This Section 5 sets out a number of such risks, however it does not purport to provide an exhaustive list of risks that may be associated with an investment in the Company now or in the future. The occurrence or consequences of some of the risks described in this Section 5 are partially or completely outside of the control of the Company, its Directors and management, and can be unpredictable. The Board aims to manage these risks by implementing risk control measures and policies. However, given the nature of some risks, the extent to which they can be managed or mitigated may be limited. Further, the types of risks that the Company is exposed to can change over time and vary with changes in economic, technological, environmental and regulatory conditions.

You should consider the risk factors described below, together with information contained elsewhere in this Prospectus, and consult your professional advisers before deciding whether to make an investment in the Company pursuant to this Prospectus.

5.2 Key risks specific to the Company

(a) Suspension and re-quotation of Shares on ASX

As set out in Section 4.3, the Company is required to re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the Official List.

Trading in the Company's quoted Securities has been suspended since 12 August 2016, and will continue to be suspended until the Company satisfies the requirements of Chapters 1 and 2 of the ASX Listing Rules in accordance with ASX Listing Rule 11.1.3. The Board expects that the Company will be able to satisfy all the conditions for re-admission, and it is anticipated that the Company's Securities will re-commence trading in November 2016.

There is a risk that the Company will not be able to satisfy one or more of these requirements and the quoted Securities may consequently remain suspended from quotation.

(b) Non-compliance with Corporations Act

The Company currently has 3,450,000 unquoted, fully paid ordinary shares on issue (**EIP Shares**). These EIP Shares were issued to employees under the Company's employee incentive plan (referred to in Section 6.7) but subsequently forfeited by those employees under the incentive plan and, as a result, transferred to the Company.

These EIP Shares are included in all calculations for the purposes of this Prospectus, including Section 7.3. The EIP Shares are currently being held by the Company on the Company's Employee Incentive Plan share account (as a result of the forfeiture). The Company had intended to transfer the EIP Shares to employees under the Employee Share Plan but no further grants have been made to employees under the Employee Share Plan since the forfeiture. By continuing to hold the EIP Shares in its own name, the Company has breached and continues to

breach sections 259A and 259B of the Corporations Act, for which the Company may incur a penalty.

Accordingly, as there is no intention to quote these EIP Shares nor transfer them to eligible employees under the employee incentive plan, the Company intends to seek shareholder approval to cancel the EIP shares at the next Annual General Meeting in accordance with the Corporations Act and will make all required disclosures to shareholders at that time. The Company has notified ASIC of the aforementioned technical breaches of the Corporations Act and its intention to seek approval for the cancellation of the EIP Shares at the next Annual General Meeting. ASIC has not commented on whether it will take regulatory action in respect of the aforementioned breaches of the Corporations Act.

(c) Reliance on key personnel

The Company relies on the expertise of its Directors and management to develop and maintain an investment portfolio that is consistent with the Company's investment objectives, strategies and mandate.

The Company intends to put in place systems and processes to mitigate the risk of losing key personnel. However, the loss of key personnel within the Company could have a negative impact on the business of the Company.

(d) Individual investment risk

Individual investments within the Company's investment portfolio may fall in value for many reasons such as changes in the investment entity's internal operations, management or in its business environment, which may be out of the Company's control. If this occurs, the net asset value (**NAV**) of the Company may fall which is likely to have a negative effect on the Company's Share price.

(e) Interest rate risk

Changes in interest rates can have a direct or indirect impact on investment valuations and returns on any cash deposits held by the Company.

(f) Different taxation treatment

Investing in entities through the Company as an LIC may give different after-tax results than investing in those individual entities directly because of the impact of income or capital gains accrued in the Company.

(g) Liquidity

The Company may invest in unlisted securities or in companies whose securities are thinly traded. Therefore, the Company's ability to sell and convert underlying investments to cash may be restricted.

There is also no guarantee that an active market in the Company's Shares will develop following implementation of the Significant Change, or that liquidity will increase as a result of implementation of the Significant Change.

(h) Financial market volatility

A fall in global or Australian equity or bond markets, or a sudden change in the value of the Australian dollar against other major currencies may discourage investors from moving funds into or out of equity markets. This may have a negative effect on the Company's Share price.

(i) Performance of other asset classes

The good performance, or anticipated performance, of other asset classes can encourage individuals to divert funds away from equity markets. This may negatively impact the value of the Company's investment portfolio, which is likely to be equities-focussed.

(j) Absolute performance versus relative performance

The Company's objective is to realise positive returns on its investments regardless of the underlying movement in value of the investment markets. With this objective, the value of the investment portfolio developed and maintained by the Company may not change in line with the overall movements in the market and the Company's performance may differ significantly from other funds that seek to measure performance against the broader share market.

(k) Tax

Taxation and changes to tax systems can have an effect on returns but also the relative merit of investing in various asset classes and in an individual security. These factors may have a negative impact on the Company or the price of Shares.

(l) Concentration risk

The Company's portfolio may at times be highly concentrated due to the number of suitable investments identified at the time that are expected to meet performance expectations. This may result in the potential for higher volatility of the Company's reportable NAV and consequently the price of the Company's Shares.

(m) Exposure to unlisted securities

The Company may at times invest in unlisted securities. In general, there is less regulation and supervision of transactions in unlisted securities markets than of transactions entered into on organised exchanges. In addition, there may be little or no liquidity in unlisted securities and little oversight or disclosure of information which may make it difficult for the Company to exit those investments for fair value.

(n) Future capital requirements

There can be no assurance that the Company will not need to raise additional capital to fully explore or exploit the business opportunities available to it.

There can be no assurance that the Company will be able to raise such capital on favourable terms (or at all) or, if the Company is able to raise the capital, that it will be able to invest that capital efficiently.

If the Company is unable to obtain or invest such additional capital, the Company may be required to reduce the scope of its investment activities or forgo an investment opportunity which could adversely affect its business, financial condition and results of operations.

(o) Discount to NAV

The Shares of the Company may trade on ASX at a discount to the NAV of the Company's investment portfolio on a per Share basis, and the performance of the Shares may not be correlated with the performance of the portfolio.

5.4 General risks of an investment in the Company

(a) Market risk

Conditions of the share market in general may affect the value of the Company's Securities quoted on the ASX, regardless of the Company's individual operating performance. Share market conditions are affected by many factors which are out of the Company's control, such as:

- (i) general economic outlook and conditions;
- (ii) interest rates and inflation rates;
- (iii) fluctuations in the domestic and international markets for listed stocks;
- (iv) currency fluctuations and exchange rates;
- (v) commodity price fluctuations;
- (vi) changes in investor sentiment toward particular market sectors;
- (vii) the demand for, and supply of, capital;
- (viii) changes to government legislation, regulation or policies; and
- (ix) terrorism and other hostilities.

(b) Industry risk

Certain industry risk factors that may affect the future operational performance of the Company. These factors are outside the control of the Company and include increased regulatory and compliance costs, the unforeseen introduction of or changes to government legislation, and a collapse in equity markets.

(c) General economic and political risks

Changes in the general economic and political climate in Australia and on a global basis may impact on economic growth, interest rates, the rate of inflation, taxation and tariff laws, and domestic security. These factors may affect the value and viability of any activities that may be conducted by the Company.

(d) Insurance risk

Insurance against all risks associated with the Company's activities is not always available or affordable. The Company will maintain insurance where it is considered appropriate for its needs. However, the Company will not at all times be insured against all risks either because appropriate cover is not available or because the Directors consider that the required premiums for such insurance to be excessive having regard to the benefits that would accrue.

(e) Regulatory risk

The Company is subject to a range of regulatory controls imposed by the federal and state government and regulatory authorities (including ASX and ASIC). The relevant regulatory regimes are complex and subject to change over time, depending on changes in the laws and policies of the governments and regulatory authorities.

The Company is exposed to the risk of changes to applicable laws or the interpretation of existing laws, which may have a negative effect on the Company,

its investments and/or returns to Shareholders, or the risks associated with non-compliance with these laws, including reporting or other legal obligations. Any non-compliance may result in financial penalties being levied against the Company.

(f) Changes in taxation laws and policies

The Company is subject to tax laws which are in a continual state of change. Changes to tax law and regulation may affect the Company and its Shareholders.

There may be tax implications arising from ownership of the Shares, the receipt of franked and unfranked dividends (should they be paid) from the Company, receiving returns of capital and the disposal of the Shares.

Changes to tax laws may adversely affect the Company's financial performance and/or the returns achieved by investors. If dividends are paid by the Company, the payment of these dividends to certain investors may not be recognised as frankable by the Australian Taxation Office.

The Company is not responsible for either taxation or penalties incurred by investors. Investors should carefully consider any tax implications and obtain independent advice from an accountant or other professional tax adviser in relation to the application of tax law and regulation to your investment in the Company.

(g) Shareholder dilution

In the future, the Company may elect to issue Shares in connection with fundraisings, including raising proceeds for acquisitions. While the Company will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital it is able to issue within a 12 month period (other than where exceptions apply), Shareholders may be diluted as a result of such fundraisings.

6. Key people, interests and benefits

6.1 Directors and experience

The background and experience of the Directors of the Company is set out below. For more details of the interests held by each of the Directors in the Securities of the Company, and details of the Company's agreements with the Directors, see Sections 6.3 and 6.5.

Mr David Lamm, Executive Chairman

Executive Chairman (29 February 2016 – present)

Non-Executive Chairman (28 July 2015 – 28 February 2016)

Non-Executive Director (15 July 2015 – 27 July 2015)

Member of Audit Committee (20 August 2015 – 28 February 2016)

Member of Remuneration Committee (20 August 2015 – 28 February 2016)

Mr Lamm has over a decade of experience in business and financial markets including roles at Credit Suisse, Bain & Company and the Alter Family Office where he gained experience across an extensive range of sectors and industries. Mr Lamm is the founder and Managing Director of Kentgrove Capital, an investment management firm focussed on listed Australian equities. Mr Lamm is qualified as an actuary, specialising in Investments and Finance, and is a Fellow of the Institute of Actuaries of Australia. Mr Lamm also holds a Bachelor in Commerce from the University of Melbourne, with First Class Honours.

Other current directorships

Alchemia Limited (appointed 7 March 2016)

Sir Michael Roger Bromley, Non-Executive Director

Non-Executive Director (4 October 2006 – present)

Member of Audit Committee (September 2009 – present)

Chair of Remuneration Committee (20 August 2015 – present)

Sir Michael Bromley, KBE, has extensive commercial experience in PNG having been on the board of a number of companies including Air Niugini (Chairman in 1987, 1988, 1998, 2001 and 2002) and Orogen Minerals Limited. He is currently a director of Heli Niugini Limited (since 2006) and Chemica Limited (since 1996) and is on the board of Steamships Trading Company Limited (from 1986 to 1996 and since 2000), Sek No: 35 Limited (since 1990) and Maps Tuna Limited (since 1997), Chemica Ltd and Hoia Investments Ltd, all entities operating in PNG.

Other current directorships

Steamships Trading Company Ltd (appointed 15 August 2000)

Previous directorships

Waratah Resources Limited (resigned 26 September 2013)

Mr Adam Caspar Saunders, Non-Executive Director

Non-Executive Director (15 July 2015 – present)

Chair of Audit Committee (20 August 2015 – present)

Member of Remuneration Committee (20 August 2015 – present)

Mr Saunders is currently employed by investment management firm Kentgrove Capital, where he is primarily involved in the origination and analysis of investment opportunities with the focus of delivering superior returns. Previously, Mr Saunders worked at boutique corporate advisory firm GBS Finanzas in Madrid, and Credit Suisse in Melbourne in the Mergers & Acquisitions team. Mr Saunders has worked on various oil and gas deals, cross-border transactions and has been involved in various buy-side and sell-side public company mandates. Mr Saunders holds a Bachelor in Commerce from the University of Melbourne with Honours in Finance, and is a Graduate of the Australian Institute of Company Directors.

Mr Grant Worner, Non-Executive Director

Non-Executive Director (15 July 2015 – 27 July 2015 and 15 January 2016 – present)

Managing Director (28 July 2015 – 14 January 2016)

Member of Audit Committee (29 February 2016 – present)

Member of Remuneration Committee (29 February 2016 – present)

Mr Worner has more than 25 years' experience across the entire oil industry supply chain, including 12 years international experience in a 22 year career with BP. Mr Worner has spent the last 10 years operating at executive level for BP, NGE, and his own specialist management consultancy firm. His role prior to NGE was as CFO for BP Refinery (Kwinana) Pty Ltd, the largest capacity oil refinery in Australia, where he led the strategy and growth of the business that delivered more than US\$1 billion in EBITDA during his 5 year tenure. Mr Worner holds a Bachelor of Engineering (Chemical, First Class Honours) degree from the University of Queensland and an MBA from the University of Western Australia, and has completed executive education courses in the London School of Economics, Cambridge, Harvard, and Stanford Universities. He is a Graduate of the Australian Institute of Company Directors.

Other current directorships:

CUE Energy Resources Limited (appointed 4 March 2016, appointed Executive Chairman 29 March 2016)

Pan Pacific Petroleum NL (appointed Non-Executive Director 22 June 2015, appointed Executive Director 24 August 2015)

6.2 Senior management and experience

Mr David Lamm
Executive Chairman

See Section 6.1 for further information.

Mr Leslie Francis Bishop Smith
Chief Financial Officer and Company Secretary (13 July 2016 – present)

In a career spanning more than 30 years, Mr Smith has held senior financial and company secretarial positions in various private, public and listed entities in the resources, manufacturing, IT and not-for-profit sectors. Mr Smith graduated with a Bachelor of Business from Massey University (1982) and a Masters of Business Administration at the University of Melbourne (2003), and recently completed a Graduate Diploma in Applied Corporate Governance. He is a Chartered Accountant, a CPA and a Member of the Governance Institute of Australia.

6.3 Disclosure of Directors' interests

(a) Executive Chairman

Mr David Lamm is appointed in the position of Executive Chairman under an Executive Services Agreement with the Company. As previously disclosed to ASX, Mr Lamm's annual remuneration package comprises a fixed base salary of \$240,000 per annum (inclusive of superannuation) and an at-risk incentive payment of up to 100% of the fixed remuneration component, at the sole discretion of the Board (excluding Mr Lamm) and dependent on the satisfaction of certain key performance indicators. Mr Lamm's remuneration was determined by the Remuneration Committee, having regard to research and benchmarking undertaken by that committee on the remuneration of executives of other ASX-listed investment entities.

Mr Lamm's employment may be terminated by either Mr Lamm or the Company by providing 6 months' notice. The Company may, at its discretion, pay Mr Lamm an amount in lieu of notice of termination, calculated on the basis of Mr Lamm's remuneration package. If Mr Lamm's employment is terminated on notice without cause, the Company must pay to Mr Lamm the outstanding amount of any incentive payment to which he is entitled as at that date.

Mr Lamm's employment will terminate automatically without notice and with effect from the date that Mr Lamm ceases for any reason to be a director of the Company. In this case, the Company will pay to Mr Lamm an amount in lieu of notice of termination and any incentive payment to which Mr Lamm may be entitled as at that date.

The Company may also terminate Mr Lamm's employment summarily in certain circumstances (without notice) if Mr Lamm, for example, engages in serious misconduct or wilful neglect, demonstrates a serious and continued refusal to comply with the lawful directions of the Company, or becomes bankrupt.

Mr Lamm's Executive Services Agreement contains a restraint of trade for a period of up to 6 months from the date of termination of his employment and within a geographical area as wide as Australia and PNG.

(b) Non-Executive Directors

Under the Constitution, the Company may pay remuneration to each Director as the Directors decide. However, under the Constitution and the ASX Listing Rules, the total amount of remuneration of Non-Executive Directors for their services must not

exceed in aggregate in any financial year the amount fixed at the Company's general meeting. The Shareholders have approved a maximum aggregate annual remuneration amount of \$500,000 per annum.

Each of the Non-Executive Directors has entered into letters of appointment, under which the Company has agreed to pay each Non-Executive Director \$50,000 per annum (which amount includes director's fees, statutory superannuation and other amounts).

(c) Directors' shareholdings and option holdings

Directors are not required under the Constitution to hold any Shares. The table below sets out interests of each Director (whether held directly or indirectly) in Securities of the Company as at the Prospectus Date.

Director	Shares	Shares (post-Consolidation)	Options	Options (post-Consolidation)
David Lamm <i>Executive Chairman</i>	173,183,583 [*]	8,659,180	Nil	Nil
Sir Michael Bromley <i>Non-Executive Director</i>	Nil	Nil	Nil	Nil
Adam Saunders <i>Non-Executive Director</i>	Nil	Nil	Nil	Nil
Grant Worner <i>Non-Executive Director</i>	Nil	Nil	Nil	Nil

* The Shares are held by Kentgrove Capital Pty Ltd, Parkbay Capital Pty Ltd and D&P Lamm Superannuation Fund, each a controlled entity of Mr Lamm.

(d) Other benefits

Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred by them respectively in or about the performance of their duties as Directors.

6.4 Disclosure of senior management's interests

Chief Financial Officer and Company Secretary remuneration

Mr Leslie Smith is the Chief Financial Officer and Company Secretary of the Company employed under a written services agreement. Mr Smith's annual remuneration package comprises a salary of \$160,000 per annum inclusive of superannuation.

Mr Smith's services agreement may be terminated by either Mr Smith or the Company by providing 2 months' notice in writing. The Company may, at its discretion, pay Mr Smith an amount in lieu of notice of termination, calculated on the basis of Mr Smith's remuneration package. The Company may also terminate the employment summarily in certain circumstances (without notice) if Mr Smith, for example, engages in serious misconduct or

wilful neglect, demonstrates a serious and continued refusal to comply with the lawful directions of the Company, becomes bankrupt, or is prohibited by applicable legislation from being a Chief Financial Officer or Company Secretary.

Mr Smith's services agreement contains a restraint of trade for a period of up to 6 months from the date of termination of his employment and within a geographical area as wide as Australia.

6.5 Other arrangements between the Company and an officer

Deeds of indemnity, insurance and access

The Company has entered into deeds of indemnity, insurance and access with each Director.

The deeds of indemnity, insurance and access provide each Director rights of access to certain books and records of the Company for a period of seven years after the Director ceases to hold any office as an officer of the Company or a subsidiary of the Company.

Pursuant to the Constitution and to the extent permitted by the Corporations Act, the Company is required to indemnify all officers of the Company and its subsidiaries, past and present, against all liabilities allowed by law. Under the deeds of indemnity, insurance and access, to the extent permitted by law, the Company indemnifies each Director against all liabilities incurred or suffered by the Director as an officer of the Company or its subsidiaries. Subject to certain exceptions, this indemnity continues until the date that is seven years after the Director ceases to be an officer of the Company or any of its subsidiaries.

Pursuant to the deeds of indemnity, insurance and access and the Constitution, the Company has arranged and maintains Directors' and Officers' insurance for its Directors and the Company Secretary to the extent permitted by law. Under the deeds, the Company must obtain such insurance during each officer's period of office and for a period of seven years after the officer ceases to hold office. This seven-year period can be extended where certain proceedings or investigations commence before the seven-year period expires.

6.6 Other arrangements with related parties

(a) Licence to use office premises

The Company currently occupies part of the premises at Level 15, 333 Collins Street, Melbourne, Victoria on a non-exclusive basis under a licence agreement with Kentgrove Capital Pty Ltd, an entity controlled by Mr David Lamm. The licence agreement was entered into on arm's length terms and both Mr David Lamm and Mr Adam Saunders (an employee of Kentgrove Capital) were excluded from participating in all discussions and negotiations in respect of the licence agreement.

Under this agreement, the Company pays to Kentgrove Capital a licence fee of \$60,000 per annum plus GST. The term of the licence commenced on 1 June 2016 and expires on 30 April 2018. Under this agreement, Kentgrove Capital also grants to NGE a non-exclusive right to use Kentgrove Capital's equipment (e.g. equipment already on the premises such as telephones, desks, chairs and tables) and services that Kentgrove supplies to the licensed areas or premises.

Kentgrove Capital may terminate the licence for certain reasons, for example, if the Company fails to pay the licence fee or any other amounts due to Kentgrove Capital by the due date, breaches any provisions of the licence agreement and that breach cannot be remedied or has not been remedied within 7 days of notice, or is unable to pay its debts. Kentgrove Capital may also terminate the licence by three months' written notice to the Company if Mr Lamm ceases to hold the position of Executive Chairman of the Company.

(b) WDL Shareholders' Agreement

See Sections 4.9(c) and 9.1.

(c) Loan to WDL

As noted in the Company's 2015 Annual Report, as at 31 December 2015, the outstanding loans from NGE to WDL totalled US\$7.2 million and accrued unpaid interest was US\$3.4 million. As noted in the Company's half-year report at 30 June 2016, the Company ceased accruing interest on loans outstanding to WDL from 1 January 2016. The loans were fully impaired at 31 December 2015.

(d) WDL administrative services

WDL obtains administrative services from an employee of Heli Niugini Limited (an entity of which Sir Michael Bromley is a director). A nominal amount is charged to WDL for this work.

6.7 Employee incentive plan

The Company adopted an employee incentive plan (**Plan**) on 24 February 2006 which offers "Eligible Persons" selected by the Board rights to subscribe for or be granted Shares or Options. The Plan is governed by the Employee Incentive Plan Rules (**Plan Rules**). Shareholder approval has not been sought for the issue of securities under the Plan within the 3 years prior to the Prospectus Date, therefore no securities can be issued without Shareholder approval under the Plan pursuant to ASX Listing Rule 7.2 (Exception 9). Although the Board has no current intention to seek approval from Shareholders for the issue of Securities under the Plan, the key Plan Rules are summarised as follows:

- (a) Only "Eligible Persons" selected by the Board may participate in the Plan. Under the Plan Rules, an "Eligible Person" means a full time or part time employee, officer, consultant or contractor of the Company or any controlled entity of the Company. Directors and the Company Secretary may be invited to participate in the Plan, however none of the Directors or the Company Secretary currently participate in the Plan or hold Securities issued under the Plan.
- (b) The total number of Shares issued pursuant to the Plan or any other employee share scheme of the Company (including Shares issued on the exercise of Options issued pursuant to the Plan or any other employee share scheme of the Company) over a period of five consecutive years will not exceed 10% of the total issued Shares of the Company, however the 10% limit shall exclude expired or renounced options.
- (c) The Board may specify in an offer to an Eligible Person that the Eligible Person may not sell, transfer or otherwise deal with Shares issued under the Plan for a certain period of time. Eligible Persons also may not sell, transfer or otherwise deal with Shares issued under the Plan so long as there are any outstanding amounts under any loan granted under the Plan in respect of those Shares.
- (d) Shares issued under the Plan will rank equally with all other issued Shares and the subscription price of Shares issued under the Plan will be the market value of the Shares on the date of the offer. The market value is calculated as the average of the closing prices of the Shares on the ASX in the previous 5 business days, weighted by the volume of Shares that were traded in that 5 business day period.
- (e) Under the Plan, the Board may, at the time of making an offer for Shares, also provide a loan from the Company (as lender) to the participant (as borrower) to assist the participant with the purchase of the Shares. The terms of the loan will be determined by the Board. Where the Board does not specify terms for the loan,

then, amongst other things, a loan made under the Plan will be on the following terms:

- (i) interest-free and for a term of 5 years;
 - (ii) the Company retains a lien over the Shares until the loan is repaid in full;
 - (iii) the loan will be immediately repayable upon "Disqualifying Events" (e.g. the participant ceases to be an "Eligible Person", becomes an insolvent under administration, or commits fraud against the Company); and
 - (iv) if a "Disqualifying Event" occurs to a participant, the Company may sell that participant's Shares and apply the proceeds to meet the Company's costs and repay outstanding balances of any loan made to that participant. If the sale proceeds are insufficient to meet the outstanding balance of the loan, the participant will not be required to make good the shortfall.
- (f) Options issued under the Plan are issued for no payment and are exercisable at the price specified in the offer made by the Board to the participant. The exercise price must not be less than the market value of a Share at the time of the offer, and the term of any option cannot be more than 5 years. Certain restrictions under the rules of the Plan apply to the exercise of Options.

6.8 Options currently on issue

Following the Consolidation, the Company has 400,000 Options on issue, which were issued to former employees of the Company pursuant to ASX Listing Rule 7.1 and in accordance with the Company's Plan. The following is a summary of the key terms and conditions of the Options that are currently on issue:

- (a) Each Option entitles the holder to subscribe for one Share on payment of an exercise price of \$1.00 (post-Consolidation) prior to the applicable expiry date. Shares issued pursuant to the exercise of the Options will rank equally with all other issued Shares and the Company will apply for official quotation of the Shares issued pursuant to the exercise of the Options.
- (b) Pursuant to the Plan Rules, 250,000 of the Options currently on issue expire on 31 October 2016.
- (c) Pursuant to the Plan Rules, 150,000 of the Options currently on issue expire on 22 January 2017.

6.9 ASX Corporate Governance Council Principles and Recommendations

This Section explains how the Board will oversee the management of the Company's business. The Board has created a comprehensive framework of control and accountability for managing the Company, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for the Company's business and which are designed to promote the responsible management and conduct of the Company. To the extent applicable, the Company has adopted *The Corporate Governance Principles and Recommendations (3rd Edition)* as published by the ASX Corporate Governance Council (**Recommendations**).

The main policies and practices adopted by the Company as at the Prospectus Date are summarised below. Copies of these policies are available from the Company's website www.ngenergy.com.au. The Company's corporate governance statement, which sets out the Company's departures from the Recommendations and was disclosed to ASX on 30 March 2016, is attached as Annexure A.

(a) Board Charter

The Board Charter sets out the functions and responsibilities of the Board and management of the Company. The Board is responsible for, and has the authority to determine, all matters relating to the strategic direction, policies and practices of the Company, establishing goals for management and the operation of the Company.

(b) Policy on Independence of Directors

The Company has adopted a Policy on Independence of Directors which sets out the criteria which the Board will use to assess the independence of each Director, with regard to the criteria established in the Recommendations. The policy also sets out the Board's obligations to disclose to Shareholders the assessment of the independence of Directors.

Currently, none of the Directors are considered to be independent pursuant to the Recommendations and the Company's policy. For more information, see item 2.5 of Annexure A.

(c) Board Committees

Under the Constitution, the Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. The Board has established an Audit Committee and a Remuneration Committee. If the Significant Change proceeds, the Company will establish an Investment Committee (see Section 4.8). Other committees may be established by the Board as and when required.

(i) *Audit Committee*

Under its charter, the Audit Committee's purpose is to assist the Board in fulfilling its corporate governance and oversight responsibilities. The Audit Committee's responsibilities include monitoring and reviewing the integrity of the Company's financial statements, the effectiveness of internal financial controls, the independence, objectivity and competency of auditors (internal and external), the policies on risk oversight and management, and providing the Board with advice and recommendations in respect of those matters.

As set out in Section 6.9(j) below, if the Significant Change proceeds, the Company will implement a Conflicts Management Policy. The Audit Committee will also be responsible for this policy and maintaining oversight if any conflicts or potential conflicts arise.

(ii) *Remuneration Committee*

Under its charter, the responsibilities of the Remuneration Committee include reviewing and providing the Board with recommendations in respect of remuneration policies, remuneration packages for senior management, executive directors and non-executive directors, incentive schemes, executive superannuation arrangements and termination and redundancy policies. The charter of the Remuneration Committee also sets out principles to be applied by the Remuneration Committee when considering these matters.

Currently, the Remuneration Committee comprises Sir Michael Bromley (Chairman), Mr Adam Saunders and Mr Grant Worner.

(d) Risk Management Policy

The Company has adopted a Risk Management Policy to ensure appropriate systems are implemented to identify, assess and manage risks, to respond to risks in a way that protects value in the Company, and to identify material changes in the Company's risk profile. The Board delegates some of its risk management functions to the Audit Committee.

(e) Continuous Disclosure Policy

The Company has adopted a Continuous Disclosure Policy which establishes procedures to ensure that the Company complies with its continuous disclosure obligations under the ASX Listing Rules and the Corporations Act. The Continuous Disclosure Policy also sets out procedures for communicating with Shareholders, the media and the market. Under the Continuous Disclosure Policy, the Executive Chairman and the Company Secretary have primary responsibility for managing the Company's compliance with its continuous disclosure obligations.

(f) Share Trading Policy

The Company has adopted a Securities Trading Policy which sets out the guidelines on the trading of the Company's Securities by its Directors, employees, contractors and consultants and any of their associates. The purpose of the Share Trading Policy is to ensure that persons within the Company who possess inside information (or may be thought to have inside information) do not abuse, or place themselves under suspicion of abusing, inside information. Subject to certain exceptions, the Share Trading Policy prohibits trading of the Company's securities during certain "closed periods". The Share Trading Policy also requires that key management personnel must obtain the consent from the Chairman (or the Board in the case of the Chairman) before dealing in the Company's Securities.

(g) Code of Conduct

The Company has adopted a Code of Conduct which sets principles of the standard of behaviour expected from directors, employees, contractors, consultants, agents, advisers and representatives of the Company when conducting the business of the Company, to ensure that all of the Company's stakeholders and the broader community have confidence in the Company's integrity.

The Code of Conduct outlines the Company's policies on various matters including protection of confidential information, avoiding conflicts of interest, and anti-bribery.

(h) Shareholder Communication Policy

The Company's Shareholder Communication Policy aims to promote effective communication with Shareholders and encourage effective participation by Shareholders at general meetings and sets out the avenues and procedures of the Company for its communications with Shareholders regarding the Company's activities and performance.

(i) Diversity policy

The Company recognises and values the differences between people and the contribution that these differences can make to the long term growth and sustainability of the Company. The Company's Diversity Policy aims to promote a culture where the diverse experiences, perspectives and backgrounds of people are embraced and valued and sets out the responsibilities of the Board and managers in achieving the Company's diversity objectives.

(j) Conflicts Management Policy

It is possible that there may be a real or perceived conflict of interest between the Company as an investment entity and its shareholder Kentgrove Capital Pty Ltd, an entity controlled by Mr David Lamm (Executive Chairman of the Company). Kentgrove Capital is an investment management firm with a focus on listed Australian securities. A conflict may arise for competing interests in investment opportunities due to overlapping investment mandates.

In addition to the statutory duties imposed on directors by the Corporations Act to act in the best interest of the Company, if the Significant Change proceeds, the Company will implement a Conflicts Management Policy to ensure any conflicts are avoided or managed appropriately.

The Audit Committee will be responsible for the Conflicts Management Policy and will maintain oversight if any conflicts or potential conflicts arise. Mr David Lamm will not be a member of the Audit Committee. Upon implementation of the Significant Change Mr Adam Saunders, an employee of Kentgrove Capital, will cease to be the Chairman of the Audit Committee and revert to the role of member of that Committee. Mr Saunders will be excluded from all discussions and decision-making of the Audit Committee in relation to the Conflicts Management Policy and Kentgrove Capital.

7. The Offer

7.1 Details of the Offer

Pursuant to this Prospectus, the Company invites applications for up to 1,000 Shares at an issue price of \$1.00 per Share, to raise up to \$1,000. The Shares offered under the Offer will rank equally with existing Shares on issue. The rights attaching to the Shares are summarised in Section 7.15 of this Prospectus.

The purpose of this Prospectus is:

- (a) to meet the requirements of ASX and satisfy Chapters 1 and 2 of the ASX Listing Rules in connection with the Significant Change; and
- (b) to comply with the Company's continuous disclosure obligations and ensure that the market is fully informed of the full terms of the Significant Change.

For these reasons, the Company does not intend to issue any Shares under the Prospectus and the Directors reserve the right not to issue or allot any Shares under the Prospectus. Accordingly, there is no minimum subscription under the Offer, and the Offer is not underwritten.

The Company may withdraw the Offer at any time, in which case the Company will return all application monies (without interest) as soon as practicable. The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus.

7.2 Conditional Offer

The Company's quoted Securities have been suspended from trading since 12 August 2016 and will continue to be suspended until the Company satisfies the requirements of Chapters 1 and 2 of the ASX Listing Rules in accordance with ASX Listing Rule 11.1.3.

Completion of this Offer is subject to the Company receiving approval from ASX that it has complied with Chapters 1 and 2 of the ASX Listing Rules on terms reasonably acceptable to the Company (**Condition**). If the Company does not receive this approval from ASX before the expiration of 3 months after the application for admission to the Official List has been made, it will not proceed with the Offer and will repay all application monies received, without interest.

7.3 Capital structure

As noted above, the Company does not intend to issue any Shares under the Prospectus. Therefore, the only effect of the Significant Change on the capital structure of the Company will be as a result of the Consolidation, approval for which was obtained at the Meeting of Shareholders on 28 October 2016.

The capital structure of the Company following the Consolidation will be as follows (assuming that no further securities are issued prior to completion of the Offer):

	Number
Shares currently on issue	844,986,193
Total Shares on issue after completion of the Consolidation	42,249,664
Options currently on issue	8,000,000
Total Options on issue after completion of the Consolidation	400,000

However, if the Company issues all the Shares offered pursuant to this Prospectus, the capital structure of the Company following the Consolidation and the issue of Shares under this Prospectus will be as follows:

	Number
Shares currently on issue*	844,986,193
Total Shares on issue after completion of the Consolidation and the Offer	42,250,664
Options currently on issue	8,000,000
Total Options on issue after completion of the Consolidation and the Offer	400,000

* Refer to Section 5.2(b).

7.4 Use of funds

As at 30 June 2016, the Company had pro forma historical cash reserves of approximately \$15.5 million. The Company intends to use any funds raised under the Offer together with its existing cash reserves to undertake new investments in line with its investment strategy, pay the costs of the Significant Change and the Offer, and otherwise for general working capital amongst other things.

The table below sets out the Company's intended application of cash funds over a two year period (from the date of reinstatement to trading on the ASX). Refer to the Investigating Accountant's Report set out in Section 8 of this Prospectus for further details.

Use of Funds	Year 1	Year 2
New investments	\$6,939,000	\$6,675,000
Review & evaluation of new business opportunities	\$25,000	\$25,000
Expenses of the Offer*	\$236,000	\$nil
Working capital	\$800,000	\$800,000
TOTAL	\$8,000,000	\$7,500,000

* Refer to Section 10.4 of this Prospectus for further details.

The table above is a statement of the Board's current intentions as at the Prospectus Date. However, as with any budget, intervening events and new or unexpected circumstances can have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

On completion of the Offer, the Board believes the Company will have sufficient working capital to achieve its objectives.

7.5 Applications under the Offer

Applications for Shares under the Offer must be made using the Application Form and only during the period between the Offer open date and the Closing Date set out in Section 2.

Completed Application Forms and accompanying cheques, made payable to "New Guinea Energy Limited" and crossed "Not Negotiable", must be mailed to the address set out on the Application Form so that they are received by no later than the Closing Date.

The Company reserves the right to close the Offer early.

7.6 Privacy statement

By completing and submitting an Application Form to apply for Shares, you are providing personal information to the Company through the Company's service provider, Boardroom Pty Ltd (**Share Registry**), which is contracted by the Company to manage Applications. The Company and the Share Registry on its behalf, may collect, hold and use your personal information in order to process your Application, service your needs as a Shareholder, and provide facilities and services that you request and carry out appropriate administration.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

Once you have become a Shareholder, the Corporations Act requires information about you (including your name, address and details of the Shares you hold) to be included in the Company's Shareholder register. This information must continue to be included in the Company's Shareholder register even if you cease to be a Shareholder. You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the Share Registry (details in Section 13).

If you do not provide the information requested in the Application Form, the Company and the Share Registry may not be able to process or accept your Application.

7.7 No cooling-off rights

Cooling-off rights do not apply to an investment in Shares issued under this Prospectus. This means that, in most circumstances, you cannot withdraw your application once it has been accepted.

7.8 ASX re-listing and quotation of Shares

The Company has applied to the ASX for re-listing of the Company and will apply to the ASX for the quotation of any Shares issued under this Prospectus within 7 days after the Prospectus Date.

If the Shares are not admitted to official quotation by the ASX before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by the ASIC, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that the ASX may re-admit Shares to official quotation is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

7.9 Issue and allotment

Subject to the satisfaction of the Condition, the issue of the Shares under the Offer will take place as soon as practicable.

Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

The Directors will determine the allottees of all the Shares under the Offer in their sole discretion, subject to the terms of the Offer, and reserve the right not to issue or allot any Shares under the Prospectus.

Subject to the terms of the Offer, the Directors reserve the right to reject any application or to allocate any Applicant fewer Shares than the number applied for. Where the number of Shares issued is less than the number applied for, or where no allotment is made, surplus application monies will be refunded without any interest to the Applicant as soon as practicable.

7.10 Applicants outside Australia

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom it would not be lawful to make such an offer or to issue Shares under this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

If you are outside Australia it is your responsibility to obtain all necessary approvals for the allotment and issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained.

7.11 Details of Substantial Shareholders

As at the Prospectus Date, the following is a list of the Shareholders holding more than 5% of the Shares on issue. The Company's substantial Shareholders will not change following completion of the Offer.

Holder	Shares	Shares (post-Consolidation)	% of total fully paid ordinary shares
Kentgrove Capital Pty Ltd <Kentgrove Capital Fund A/C>*	110,000,000	5,500,000	13.02%
JP Morgan Nominees Australia Limited	73,492,501	3,674,626	8.70%
Parkbay Capital Pty Ltd <Parkbay A/C>**	58,785,403	2,939,271	6.96%
Asia Image Limited	48,000,000	2,400,000	5.68%

* Mr David Lamm, Executive Chairman of NGE, is a director and controlling shareholder in Kentgrove Capital Pty Ltd.

** Mr David Lamm, Executive Chairman of NGE, is a director and controlling shareholder in Parkbay Capital Pty Ltd.

The Company will announce to the ASX details of its top 20 holders of Shares (following Completion of the Offer), prior to its quoted Securities re-commencing trading on the ASX.

7.12 Financial Information

Following the Significant Change, the Company will become a LIC focussing its business activities on sourcing and evaluating suitable investment opportunities. Therefore, the Company's past operational and financial historical performance will not be of significant relevance to its future activities as a LIC.

Accordingly, the Company is not in a position to disclose any key financial metrics or ratios, other than its historical and pro forma balance sheet (see Section 8 of this Prospectus).

The initial funding for the Company's future activities will be generated from the Offer and existing cash reserves (see Section 7.4). The Company may also consider future fundraising through capital or alternative forms of debt or quasi-debt funding, as and when required.

7.13 Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. You are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

7.14 Dividend policy

The Company does not expect to declare any dividends in the immediate term, particularly as it commences activities as a LIC and builds its investment portfolio. Any determination as to the payment of dividends by the Company in the future will be at the discretion of the Directors and will depend on various factors, including the availability of distributable earnings, the operating results and financial condition of the Company, future working capital or expenditure requirements and other general factors that the Directors consider relevant. The Company does not give any assurance in relation to the payment of dividends or franking credits attaching to dividends.

7.15 Rights attaching to Shares

The following is a summary of the significant rights attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, you should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Constitution, a copy of which is available from the Company's website www.ngenergy.com.au.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or corporate representative to attend and vote at general meetings of the Company. Shareholders may call a meeting of members in accordance with the Corporations Act.

(b) Voting rights

Subject to the ASX Listing Rules and any rights or restrictions attached at that time to a class or classes of Shares, at a general meeting of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or corporate representative;
- (ii) on a show of hands, each Shareholder present (in person, by proxy, attorney or representative) has one vote;
- (iii) on a poll, each Shareholder present (in person, by proxy, attorney or representative) has one vote for each fully paid Share held by that Shareholder; and
- (iv) a poll may be requested on any resolution by at least five Shareholders entitled to vote on the resolution, or Shareholders with at least 5% of the votes that may be cast on the resolution on a poll, or the Chairman.

(c) Dividend rights

Only the Directors may at their discretion declare a dividend to be paid to Shareholders, and the Directors may fix the amount, time and method of payment of the dividend.

Subject to any special rights or restrictions attached to a Share, the holder of a fully paid Share is entitled to the full dividend on the Share. No interest is payable on a dividend.

(d) Winding up

Subject to any special rights or restrictions attached to Shares, any surplus assets must be distributed among the Shareholders in proportion to the amounts paid on their respective Shares before the winding up.

Subject to any special rights or restrictions attached to Shares, on a winding up of the Company, the liquidator may, with the sanction of a special resolution of Shareholders, distribute among the Shareholders the whole or any part of the property (in its actual state) of the Company, or decide how to distribute the property as between the Shareholders or different classes of shareholders. The liquidator may settle any problem about a distribution in any way (including valuing assets for distribution or vesting assets in a trustee on trust for the Shareholders entitled).

(e) Liability

The Shares are fully paid shares. Therefore, they are not subject to any calls for money made by the Directors and the Shares will not become liable for forfeiture.

(f) Transfer of Shares

A holder of Shares may freely transfer Shares:

- (i) in the case of transfers effected through an electronic trading system in which the Company has elected to participate (e.g. CS Facility, CREST, etc), in accordance with the operating rules of that electronic trading system;
- (ii) by an instrument of transfer in any common form or other form approved by the Directors; and
- (iii) by any method of transferring securities recognised by the Corporations Act and ASX and approved by the Directors.

(g) Variation of rights

The Company may vary or cancel the rights attaching to Shares in accordance with the Corporations Act.

(h) Amendments to Constitution

Pursuant to section 136 of the Corporations Act, the Company may amend its Constitution by a special resolution of Shareholders, being a resolution passed by at least 75% of the votes cast by Shareholders present and voting at the general meeting.

8. Investigating Accountant's Report

See next page.

The Directors
New Guinea Energy Limited
Level 15, 333 Collins St
MELBOURNE VIC 3000

The Rialto, Level 30
525 Collins St
Melbourne Victoria 3000

Correspondence to:
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Melbourne Victoria 3001

31 October 2016

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W www.grantthornton.com.au

Dear Directors,

INDEPENDENT LIMITED ASSURANCE REPORT ON THE HISTORICAL AND PRO FORMA FINANCIAL INFORMATION AND FINANCIAL SERVICES GUIDE

Introduction

We have been engaged by New Guinea Energy Limited (“NGE”, “Company”, or the “Group”) to report on the historical and pro forma financial information of the Company for inclusion in the prospectus (the “Prospectus”) to be dated on or about 31 October 2016, and to be issued by NGE in respect of the Offer.

Expressions defined in the Prospectus have the same meaning in this report, unless otherwise specified.

Grant Thornton Corporate Finance Pty Ltd (“Grant Thornton Corporate Finance”) holds an Australian Financial Services Licence (AFS Licence Number 247140). This report is both an Independent Limited Assurance Report, the scope of which is set out below, and a Financial Services Guide, as attached at **Appendix 1**.

Scope

You have requested Grant Thornton Corporate Finance to review the following Historical Financial Information of the Company included in the Prospectus:

Historical Financial Information

The Historical Financial Information, as set out in Appendix 2 comprises:

- The reviewed historical consolidated statement of financial position as at 30 June 2016; and
- The pro forma historical consolidated statement of financial position of the Group as at 30 June 2016, which assumes completion of Significant Change and the offer (the “Pro Forma Transactions”) as though they had occurred on that date.

Grant Thornton Corporate Finance Pty Ltd ABN 59 003 265 987 ACN 003 265 987
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

Holder of Australian Financial Services Licence No. 247140

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Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

The Historical Financial Information other than the Pro Forma Transactions and the results of the associated adjustments to the pro forma historical consolidated statement of financial position has been extracted from the reviewed financial statements for 30 June 2016 which were reviewed by Grant Thornton Audit Pty Ltd. Grant Thornton Audit Pty Ltd issued an unqualified review opinion in respect of the period ended on that date.

The stated basis of preparation is the recognition and measurement principles contained under Australian Generally Accepted Accounting Principles (“AGAAP”) and the NGE adopted accounting principles applied to the Historical Financial Information.

The Historical Financial Information is presented in an abbreviated form insofar as it does not include all of the presentation and disclosures required and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in Australia in accordance with the Corporations Act 2001.

This report has been prepared for inclusion in the Prospectus. Grant Thornton Corporate Finance disclaims any assumption of responsibility for any reliance on this report or on the Historical Financial Information to which this report relates for any purpose other than the purposes for which it was prepared. This report should be read in conjunction with the Prospectus.

Directors’ Responsibility

The Directors of New Guinea Energy Limited are responsible for the preparation and presentation of the Historical Financial Information. The Directors are also responsible for the determination of the Pro Forma Transactions and the basis of preparation of the Historical Financial Information.

This responsibility also includes compliance with applicable laws and regulations and for such internal controls as the Directors determine necessary to enable the preparation of the Historical Financial Information that are free from material misstatement.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Historical Financial Information based on the procedures performed and evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450: “*Assurance Engagements involving Corporate Fundraisings and/ or Prospective Historical Financial Information*” and ASAE 3420: “*Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information*”.

Our procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures applied to the accounting records in support of the Historical Financial Information.

These procedures are substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the Historical Financial Information.

Our engagement did not involve updating or reissuing any previously issued audit or review reports on any historical financial information used as a source of the Historical Financial Information.

Conclusion

Historical Financial Information

Based on our independent review, which is not an audit, nothing has come to our attention which causes us to believe that:

- The Historical Financial Information as described in Appendix 2 does not present fairly:
 - The reviewed historical consolidated statement of financial position as at 30 June 2016; or
 - The pro forma historical consolidated statement of financial as at 30 June 2016; or
- The pro forma historical consolidated statement of financial position of the Group as at 30 June 2016 has not been properly prepared on the basis of the Pro Forma Transactions or the Pro Forma Transactions do not set out a reasonable basis for it;

in accordance with the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements under AGAAP.

Restriction on Use

Without modifying our conclusion, we draw attention to the purpose of the Historical Financial Information, being for inclusion in the Prospectus. As a result, the Historical Financial Information may not be suitable for use for another purpose.

Consent

Grant Thornton Corporate Finance consents to the inclusion of this Independent Limited Assurance Report in the Prospectus in the form and context in which it is included.

Liability

The liability of Grant Thornton Corporate Finance is limited to the inclusion of this report in the Prospectus. Grant Thornton Corporate Finance makes no representation regarding, and has no liability, for any other statements or other material in, or omissions from the Prospectus.

Independence or Disclosure of Interest

Grant Thornton Corporate Finance does not have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. Grant Thornton Corporate Finance will receive a professional fee for the preparation of this Independent Limited Assurance Report.

Yours faithfully

GRANT THORNTON CORPORATE FINANCE PTY LTD



Adrian Nathanielsz
Partner



Peter Thornely
Partner

Appendix 1 (Financial Services Guide)

The Rialto, Level 30
525 Collins St
Melbourne Victoria 3000

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This Financial Services Guide is dated 13 September 2016.

About us

Grant Thornton Corporate Finance Pty Ltd (ABN 59 003 265 987, Australian Financial Services Licence no 247140) (“Grant Thornton Corporate Finance”) has been engaged by New Guinea Limited (“the Company”) to provide a report in the form of an Independent Limited Assurance Report for inclusion in a Prospectus dated on or about 31 October 2016 (“the Prospectus”) relating to the offer of ordinary shares in the Company (“the Report”). You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

This Financial Services Guide

This Financial Services Guide (“FSG”) is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about Grant Thornton Corporate Finance generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report, and how complaints against us will be dealt with.

Financial services we are licensed to provide

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities and superannuation products and to deal in a financial product by applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of securities and superannuation products.

General financial product advice

The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs. You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

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Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

Fees, commissions and other benefits we may receive

Grant Thornton Corporate Finance charges fees to produce reports, including the Report. These fees are negotiated and agreed with the entity who engages Grant Thornton Corporate Finance to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of the Report, our fees are charged on a fixed basis. Partners, Directors or employees of Grant Thornton Corporate Finance, Grant Thornton Australia Ltd, or other associated entities, may receive dividends, salary or wages from Grant Thornton Australia Ltd. The fees charged for the preparation of the Report agreed by the Company is approximately \$7,000 plus GST.

Associations with issuers of financial products

Grant Thornton Corporate Finance and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, Grant Thornton Audit Pty Ltd may be the auditor of, or provide financial services to the issuer of a financial product and Grant Thornton Corporate Finance may provide financial services to the issuer of a financial product in the ordinary course of its business.

Complaints

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Financial Ombudsman Service (membership no. 11800). All complaints must be in writing and addressed to the National Head of Corporate Finance at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service who can be contacted at:

PO Box 579 – Collins Street West
Melbourne, VIC 8007
Telephone: 1800 335 405

Grant Thornton Corporate Finance is only responsible for the Report and this FSG. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

Contact Details

Grant Thornton Corporate Finance can be contacted by sending a letter to the following address:

National Head of Corporate Finance
Grant Thornton Corporate Finance Pty Ltd
Level 17, 383 Kent Street
SYDNEY NSW 2000

Appendix 2

Historical and Pro-Forma Historical Consolidated Statements of Financial Position as at 30 June 2016

	Note	Reviewed Historical as at 30 June 2016	Pro-Forma Transactions as at 30 June 2016	Pro-Forma Historical as at 30 June 2016
		\$	\$	\$
Current Assets				
Cash and cash equivalents	4	15,764	(235)	15,529
Trade and other receivables		65	-	65
Financial assets		3,677	-	3,677
Other current assets		8	-	8
Total Current Assets		19,514	(235)	19,279
Total Assets		19,514	(235)	19,279
Current Liabilities				
Trade and other payables		73	-	73
Provisions		120	-	120
Total Current Liabilities		193	-	193
Net Assets		19,321	(235)	19,086
Equity				
Issued Capital	5	80,206	1	80,207
Reserves		11,377	-	11,377
Accumulated losses	6	(72,262)	(236)	(72,498)
Total Equity		19,321	(235)	19,086

The above statement should be read in accordance with the accompanying notes. New Guinea Energy Limited's audited accounts for the previous 3 years are available on the ASX announcements platform, located at www.asx.com.au using the company code NGE.

Notes to the Historical and Pro-Forma Historical Consolidated Statements of Financial Position as at 30 June 2016

Note 1 – Pro-Forma Transactions and Assumptions

The Pro-Forma Historical Consolidated Statement of Financial Position incorporates the following assumptions and transactions as if they had occurred at 30 June 2016:

- (a) Expenses of the Offer and Significant Change;
- (b) Completion of the Offer, Significant Change and Consolidation; and
- (c) Conditions outlined in Section 7.2 of the Prospectus are met.

Note 2 – General information - basis of preparation

General information and statement of compliance

The Historical Financial Information of the Group has been prepared in accordance with the requirements of the *Corporations Act 2001* and recognition and measurement requirements (but not all disclosure requirements) of Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). NGE is a for-profit entity for the purpose of preparing the Historical Financial Information.

New Guinea Energy Limited is the Group's ultimate parent company. NGE is a public company incorporated and domiciled in Australia. The address of its registered office and principal place of business is Level 15 / 333 Collins Street, Melbourne, VIC 3000.

Note 3 – Significant accounting policies

The Historical Financial Information has been prepared in accordance with the same accounting policies adopted in the Group's last interim financial statements for the half year ended 30 June 2016.

The accounting policies have been applied consistently throughout the Group for purposes of preparation of the Historical Financial Information.

a) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash.

b) Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Notes to the Historical and Pro-Forma Historical Consolidated Statements of Financial Position as at 30 June 2016

Note 3 – Significant accounting policies (Continued)

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables
- financial assets at fair value through profit or loss (FVTPL)
- held-to-maturity (HTM) investments
- available-for-sale (AFS) financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables. Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Notes to the Historical and Pro-Forma Historical Consolidated Statements of Financial Position as at 30 June 2016

Note 3 – Significant accounting policies (Continued)

c) Equity, reserves and dividend payments

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Other components of equity include the following:

- Option reserve
- Equity component of convertible instrument reserve
- Accumulated losses include all current and prior period accumulated losses

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

d) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Note 4 – Cash and cash equivalents	Note	\$
Balance of cash and cash equivalents at 30 June 2016		15,764
Add Pro-Forma Transactions		
- Expenses of the Offer and Significant Change	1.a)	<u>(235)</u>
Pro-Forma Balance of cash and cash equivalents at 30 June 2016		<u>15,529</u>

Note 5 – Contributed equity	Note	\$
Balance of contributed equity at 30 June 2016		80,206
Add Pro-Forma Transactions		
- Completion of the Offer and the Consolidation	1.b)	<u>1</u>
Pro-Forma balance of contributed equity at 30 June 2016		<u>80,207</u>

Note 6 – Accumulated losses	Note	\$
Balance of accumulated losses at 30 June 2016		(72,262)
Add Pro-Forma Transactions		
- Expenses of the Offer and Significant Change	1.a)	<u>(236)</u>
Pro-Forma balance of accumulated losses at 30 June 2016		<u>(72,498)</u>

Note 7 – Post balance date events

No matters or circumstances have arisen since 30 June 2016 which significantly affects the state of affairs of the Group, other than the matters outlined above and those disclosed in the Prospectus.

9. Material contracts

9.1 WDL Shareholders' Agreement

See Section 4.9(c) for more information about WDL. The following sets out some key terms of the Shareholders' Agreement in respect of WDL between the Company and Maps Tuna Limited (each a **WDL Shareholder**).

- (a) Each of the WDL Shareholders is entitled to appoint, remove and replace one director to the board of WDL for each 25% of WDL's total issued shares that the WDL Shareholder holds. Each WDL Shareholder currently holds 50% of the total issued shares in WDL.
- (b) Certain actions of WDL require a "Major Shareholders Resolution", being a resolution of the shareholders of WDL passed by the requisite majority required by *PNG Companies Act 1997* or the constitution of WDL.
- (c) Certain actions of WDL require a "Major Directors Resolution", being a unanimous resolution of the directors of WDL.
- (d) A WDL Shareholder may not dispose of any shares in WDL unless:
 - (i) all WDL Shareholders consent to the disposal; or
 - (ii) the selling WDL Shareholder first offers those shares to the other WDL Shareholder.

As noted in Section 4.9(c) and in the Company's 2015 Annual Report, the Company's investment in WDL was fully impaired at 31 December 2015. Despite this, and despite the Company's intentions following the Significant Change, the Board considers that it is not currently in the best interests of the Company to divest its interest in WDL. If economic conditions change and there is an active market or reliable demand for the rig owned by WDL, the Board considers that the Company could receive better value for its investment in WDL than if the interest were divested now.

9.2 PPL sale contracts

(a) Sale of PPL 269

On 13 February 2014, the Company announced to ASX that Kirkland Limited, a wholly-owned Subsidiary of the Company (as seller) (**Kirkland**), entered into a Sale and Purchase Agreement with Barracuda Limited (as buyer) (**Barracuda**) and the Company (as guarantor) for the sale of Kirkland's 50% interest in PPL 269 to Barracuda. The sale of Kirkland's 50% interest in PPL 269 under these agreements was completed in March 2015. The key outstanding terms of the sale are set out below:

- (i) If a Petroleum Retention Licence (**PRL**) is granted over the area included in PPL 269 to Barracuda prior to the grant of a Petroleum Development Licence (**PDL**), Barracuda must pay to Kirkland:
 - A. US\$2,000,000 when the PRL is granted; and
 - B. US\$6,000,000 when the PDL is granted.
- (ii) If a PDL is granted over the area included in PPL 269 to Barracuda prior to the grant of a PRL, Barracuda must pay to Kirkland US\$8,000,000.

(b) Sale of PPL 277

On 7 March 2012, the Company announced to ASX that Kingsbury Limited, a wholly-owned subsidiary of the Company (as seller) (**Kingsbury**), entered into a Sale and Purchase Agreement with Esso PNG Exploration Limited (as buyer) (**Esso**) and a Sale and Purchase Agreement with Oil Search (PNG) Limited (as buyer) (**Oil Search**) for the sale of its interest in PPL 277 to Esso and Oil Search. The sale of PPL 277 under these agreements was completed in December 2012. The key outstanding terms of the sale are set out below.

- (i) Kingsbury is entitled to an additional payment of \$20 million if a PDL is granted in respect of the area under PPL 277.
- (ii) Kingsbury is entitled to an uncapped royalty over all revenue received by each of Esso and Oil Search from the petroleum produced and sold.

10. Additional information

10.1 Confirmation of no legal proceedings

As at the Prospectus Date, the Company is not involved in any material legal proceedings, and the Directors are not aware of any material legal proceedings pending or threatened against the Company.

10.2 Interests and benefits

This Section sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

- (a) Director or proposed Director of the Company;
- (b) person named in this Prospectus who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (c) promotor of the Company; or
- (d) underwriter (but not a sub-underwriter) to the issue or sale or a financial services licensee named in the Prospectus as a financial services licensee involved in the issue or sale,

holds at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, any interest in:

- (e) the formation or promotion of the Company;
- (f) property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offer; or
- (g) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with the formation or promotion of the Company or the Offer, or to any Director to induce them to become, or qualify as, a Director of the Company.

Clayton Utz has acted as the Company's Australian legal adviser (other than in respect of financial, stamp duty or taxation matters) in relation to the Offer and preparation of this Prospectus. The Company has paid, or has agreed to pay, up to \$150,000 (excluding

disbursements and GST) for these services up until the date of the Company's re-admission to the Official List.

Grant Thornton Corporate Finance Pty Ltd (**Grant Thornton**) has prepared the Investigating Accountant's Report which is included in Section 8 of this Prospectus. The Company has paid, or has agreed to pay, approximately \$7,000 (excluding disbursements and GST) for these services up until the Prospectus Date.

10.3 Consents to be named in the Prospectus

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified in this Section.

Grant Thornton has given its written consent to being named as the Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in Section 8 of this Prospectus in the form and context in which the information and report is included. Grant Thornton has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Clayton Utz has given its written consent to being named as the Australian legal advisers to the Company in this Prospectus and has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Each of Boardroom Pty Ltd and Grant Thornton Audit Pty Ltd has given its written consent to be named in this Prospectus in the form and context in which it is named, and has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC. Neither Boardroom Pty Ltd nor Grant Thornton Audit Pty Ltd has made any statement that is included in this Prospectus or any statement on which a statement which is made in this Prospectus is based.

10.4 Costs of the Offer

The total expenses of the Offer (excluding GST) are estimated to be approximately \$236,000 if the Offer is fully subscribed, and are expected to be applied towards the items set out in the table below.

Item	\$
ASIC fees	2,350
ASX fees	71,000
Investigating Accountant's fees	7,000
Legal fees	132,000
Printing and distribution	19,000
Miscellaneous	5,000
TOTAL	236,350

10.5 Obtaining a copy of this Prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the ASX company announcements platform.

The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to or accompanies a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus. The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

10.6 CHESS and Issuer Sponsorship

The Company currently participates in the ASX's Clearing House Electronic Subregister System (**CHESS**). CHESS is an electronic transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two subregisters, being an electronic CHESS subregister or an issuer sponsored subregister.

For all successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS subregister. All other Shares will be registered on the issuer sponsored subregister.

Following Completion of the Offer, the Company will not issue certificates to investors. Instead, investors will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (**HIN**) for CHESS holders or, where applicable, the Securityholder Reference Number (**SRN**) of issuer sponsored holders.

Shareholders will subsequently receive statements showing any changes to their Shareholding. Certificates will not be issued. Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS subregister or through the Share Registry in the case of a holding on the issuer sponsored subregister. The Company and the Share Registry may charge a fee for these additional issuer sponsored statements.

Following the date of the Consolidation, all holding statements for Shares and Options will cease to have any effect, except as evidence of entitlement to a certain number of Shares and Options on a post-Consolidation basis. After the Consolidation becomes effective, the Company will arrange for new holding statements for Shares and Options to be issued to holders of those Shares and Options. It is the responsibility of each holder of Shares or Options to check the number of Shares or Options held prior to disposal or exercise (as the case may be).

10.7 Governing law

This Prospectus and the contracts that arise from the acceptance of the Applications and bids under this Prospectus are governed by the laws applicable in Victoria and each Applicant under this Prospectus submits to the exclusive jurisdiction of the courts of Victoria.

11. Statement of Directors as to lodgement of the Prospectus

This Prospectus is issued by the Company and its issue has been authorised by each Director.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC and no Director has withdrawn that consent.



David Lamm
Executive Chairman
For and on behalf of New Guinea Energy Limited

12. Glossary

\$ means Australian dollars, unless otherwise stated.

Applicant means a person applying for Shares under this Prospectus.

Application means an application made to subscribe for Shares offered under this Prospectus.

Application Form means the application forms attached to or accompanying this Prospectus relating to the Offer.

ASIC means the Australian Securities and Investments Commission.

ASX means the Australian Securities Exchange, as operated by ASX Limited ACN 008 624 691.

ASX Listing Rules means the listing rules of the ASX.

Board means the current board of Directors of the Company.

CHESS has the meaning given in Section 10.6.

Closing Date means the closing date of the Offer as set out in the indicative timetable in Section 2.

Company or **NGE** means New Guinea Energy Limited ACN 112 618 238.

Condition has the meaning given in Section 7.2.

Consolidation means the 1:20 consolidation of Shares and Options on issue, approval of which was obtained at the Meeting.

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company as at the Prospectus Date.

EIP Shares has the meaning given in Section 5.2(b).

Grant Thornton has the meaning given in Section 10.2.

GST means goods and services tax.

HIN has the meaning given in Section 10.6.

LIC has the meaning given in Section 4.1.

Meeting means the general meeting of the Shareholders which was held on 28 October 2016.

NAV has the meaning given in Section 5.2(d).

NTA has the meaning given in Section 4.3.

Offer means the offer of up to 1,000 Shares at an issue price of \$1.00 per Share to raise up to \$1,000 pursuant to this Prospectus.

Official List means the official list of the ASX.

Option means an unlisted option which gives the holder an option to acquire a Share.

Plan has the meaning given in Section 6.7.

Plan Rules has the meaning given in Section 6.7.

PNG means Papua New Guinea.

PDL has the meaning given in Section 9.2(a)(i).

PPL means Petroleum Prospecting Licence.

PRL has the meaning given in Section 9.2(a)(i).

Prospectus means this document (including the electronic form of this Prospectus) and any supplementary or replacement prospectus in relation to this document.

Prospectus Date has the meaning given in Section 1.1.

Recommendations has the meaning given in Section 6.9.

Securities has the meaning given in Listing Rule 19.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of Shares in the Company.

Share Registry means Boardroom Pty Limited ABN 14 003 209 836.

Significant Change has the meaning given in Section 4.1.

SRN has the meaning given in Section 10.6.

WDL means Western Drilling Limited (PNG Company Number 1-77978).

WDL Shareholder has the meaning given in Section 9.1.

13. Corporate directory

13.1 Directors

David Lamm (Executive Chairman)
Sir Michael Bromley (Non-Executive Director)
Adam Saunders (Non-Executive Director)
Grant Worner (Non-Executive Director)

13.2 Company Secretary

Leslie Smith

13.3 ASX Code

NGE

13.4 Registered Office and contact details

Level 15, 333 Collins Street
Melbourne VIC 3000

Tel: +61 3 9648 2290

13.5 Share registry

Boardroom Pty Limited*
GPO Box 3993
Sydney NSW 2001

13.6 Investigating Accountant

Grant Thornton Corporate Finance Pty Ltd
The Rialto, Level 30
525 Collins Street
Melbourne VIC 3000

13.7 Auditor

Grant Thornton Audit Pty Ltd*
The Rialto, Level 30
525 Collins Street
Melbourne VIC 3000

13.8 Solicitors

Clayton Utz
Level 18, 333 Collins Street
Melbourne VIC 3000

* These entities are included for information purposes only, and have not been involved in the preparation of the Prospectus.

Annexure A - Corporate Governance Statement

Attached.

NEW GUINEA ENERGY LTD

CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Statement sets out the extent to which the Company has followed the recommendations of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations for the financial year ended 31 December 2015.

The Company's Corporate Governance documents can be located at the following website link:

<http://www.ngenergy.com.au/corporate-governance.htm>

	Principles and Recommendations	Compliance	Comment
1.	Lay solid foundations for management and oversight		
1.1	A listed entity should disclose: a) The respective roles and responsibilities of its board and management; and b) Those matters expressly reserved to the Board and those delegated to management.	Complies	The Company has established a Board Charter, which discloses the specific responsibilities of the Board and those of senior executives. The Board delegates responsibility for the day to day operations and administration of the Company to the Managing Director and Executive Chairman. The Company's Board Charter is posted on the Company's website.
1.2	A listed entity should: a) Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director; and b) Provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re- elect a Director	Complies	The Managing Director, Executive Chairman and Company Secretary are responsible for ensuring that appropriate checks are undertaken before a director candidate is appointed or put forward to security holders for election. All material information in the Company's possession relevant to a decision on whether or not to elect or re- elect a director is provided to security holders in the notice of the meeting at which the director is to be put forward for election or re-election.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Complies	All directors and senior executives have in place written agreements with the Company setting out the terms of their appointment
1.4	The Company Secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the Board	Complies	The Company Secretary reports directly to the Managing Director and Executive Chairman. The decision to appoint or remove the Company Secretary is made by the Board.

NEW GUINEA ENERGY LTD

CORPORATE GOVERNANCE STATEMENT

Principles and Recommendations	Compliance	Comment								
1.5 A listed entity should: a) Have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity’s progress in achieving them.; b) Disclose that policy or a summary of it; and c) Disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity’s diversity policy and its progress towards achieving them, either; (1) The respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined ‘senior executive’ for these purposes); or (2) If the entity is a ‘relevant employer’ under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators” as defined in and published under the Act.	Complies	The Company has established a Diversity Policy which meets these requirements. As an Australian company exploring for oil and gas in Papua New Guinea, the Company recognises and values the difference between people and the contribution these differences can make to the long term growth and sustainability of the Company. The Company’s policy is reviewed on an annual basis and is posted on the Company’s website. The Board has established the following measurable objectives regarding gender diversity: (i) 30% of the Company’s employees and consultants be women; (ii) 20% of the Company’s senior executives be women; and (iii) one member of the Board be a woman. The table below details the Company’s performance against the above objectives: <table><tr><th>Objective</th><th>2015</th></tr><tr><td>30% of Employees and and consultants be women</td><td>0%</td></tr><tr><td>20% of Senior Executives be women</td><td>0%</td></tr><tr><td>One female member of the Board</td><td>0%</td></tr></table> As the business has been scaled back to reflect current conditions in the oil and gas industry, there is limited scope to achieve these objectives in the short term. However the Board aims to achieve these objectives over the next few years, subject to appropriately qualified candidates coming forward. The Company is not a ‘relevant employer’ under the Workplace Gender Equality Act.	Objective	2015	30% of Employees and and consultants be women	0%	20% of Senior Executives be women	0%	One female member of the Board	0%
Objective	2015									
30% of Employees and and consultants be women	0%									
20% of Senior Executives be women	0%									
One female member of the Board	0%									
1.6 A listed entity should: a) Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Complies	The Company does not have a formal process for evaluating the performance of the Board and its Committees but rather there is an informal peer review procedure for evaluating the performance of individual directors. This informal review process was the evaluation process used during the reporting period.								

NEW GUINEA ENERGY LTD

CORPORATE GOVERNANCE STATEMENT

	Principles and Recommendations	Compliance	Comment
1.7	A listed entity should: a) Have and disclose a process for periodically evaluating the performance of its senior executives; and b) Disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period and in accordance with that process	Complies	The Remuneration Committee annually evaluate the performance of the Company's Senior Executives. The results of the annual performance evaluation are disclosed in the Annual Report.
2.	Structure the Board to Add Value		
2.1	The Board of a listed entity should: a) Have a nomination committee which: i) Has at least three members, a majority of whom are independent directors; and ii) Is chaired by an independent director; and disclose, iii) the charter of the committee iv) The members of the committee; and v) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	Does not comply	The Board has established a nomination committee which comprises of three Non-Executive directors. The members of the committee are Sir Michael Bromley, Mr Adam Saunders and Mr Grant Worner. All members are not independent Non-Executive directors. The chair of the nomination committee is not independent being Sir Michael Bromley. The Board recognises that it is desirable for the majority of the Board to be Independent Directors, however the Company's current size dictates that this is the most efficient mode of operation at the current time. The Board will review the appointment of further Independent Directors should the company's size and growth warrant this. Refer to 2015 Annual Report

NEW GUINEA ENERGY LTD

CORPORATE GOVERNANCE STATEMENT

Principles and Recommendations	Compliance	Comment
b) If it does not have a nomination committee, disclose the fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	Complies	The full Board is responsible for addressing board succession issues and for ensuring that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to discharge its duties. The Board has determined the mix of skills required on the board (as set out in the Board Charter) and undertakes informal peer reviews to evaluate the performance of the Board. The Company does not have a formal process for evaluating the performance of the Board and its Committees but rather there is an informal peer review procedure for evaluating the performance of individual directors. This informal review process was the evaluation process used during the reporting period.
2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Complies	The skills of each Board member are disclosed on the Company's website and in the Company's Annual Report for each year. The Board Charter and the Company's Diversity Policy together state the mix of skills and diversity the board of directors is looking to achieve.
2.3 A listed entity should disclose: a) The names of the directors considered by the Board to be independent directors; b) If a director has an interest, position, association or relationship but the Board has the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the Board is of that opinion; and	Complies	These details are disclosed in the Annual Report. The Board comprised of no independent Non-Executive directors. Mr Lamm was Non-Executive chairman during the period up until 29 February 2016 but deemed not to be independent by virtue of his shareholding in the company. Following 31 December 2015, Mr Worner ceased to be Managing Director and is now a Non-Executive Director and Mr Lamm has been appointed to the role of Executive Chairman. The Board now comprises of three Non-Executive, non-independent directors.
c) The length of service of each director.		The lengths of service are as follows: - Mr Lamm – 9 months - Mr Saunders – 9 months - Sir Bromley – 9 years - Mr Worner – 9 months
2.4 A majority of the board of a listed entity should be independent directors.	Does not comply	The Board recognises that it is desirable for the majority of the Board to be Independent Directors, however the Company's current size dictates that this is the most efficient mode of operation at the current time. The Board will review the appointment of further Independent Directors should the company's size and growth warrant this.

NEW GUINEA ENERGY LTD

CORPORATE GOVERNANCE STATEMENT

	Principles and Recommendations	Compliance	Comment
2.5	The chair of the board of a listed entity should be an independent director and, in particular should not be the same person as the CEO of the entity.	Does not comply	Mr Arnett was appointed as Executive Chairman on 1 May 2014 and ceased to be a Director on 15 July 2015 following a General Meeting of shareholders. Mr Arnett was not considered to be an independent director due to his executive role in the Company during the period 1 May 2009 to 30 June 2012 and from 1 May 2014 to 15 July 2015. Mr Lamm was appointed to the Board as Non-Executive Chairman on 15 July 2015 and Executive Chairman on 29 February 2016. Mr Lamm is not considered to be an independent director by virtue of his shareholding in the company and being an Executive of the Company at the date of this report. Mr Worner was appointed Managing Director on 15 July 2015 for a 6 month period and given his prior appointment as an executive of the Board, he is deemed not to be independent. From 15 July 2015 to 29 February 2016, the role of the Chairman and Managing Director were not the same. The Board recognises that it is desirable for the majority of the Board to be Independent Directors, however the Company's current size dictates that this is the most efficient mode of operation at the current time. The Board will review the appointment of further Independent Directors should the company's size and growth warrant this.
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role effectively.	Complies	The company has a brief informal program for inducting a new director and the company secretary ensures that all directors are informed of changes in governance obligations. The current board has the appropriate mix of skills and knowledge required to fulfil their responsibilities.
3.	Act Ethically and Responsibly		
3.1	A listed entity should:	Complies	The Company has established a Code of Conduct, which provides a guide to the conduct expected of directors and employees of the Company. The aim of the Code is to make clear the importance the Company places on working with integrity at all times and with respect for each other, the environment, the law and the communities in which the Company operates.
	a) Have a code of conduct for its directors, senior executives and employees; and		
	b) Disclose that code or a summary of it.	Complies	The Code of Conduct is posted on the Company's website.

NEW GUINEA ENERGY LTD

CORPORATE GOVERNANCE STATEMENT

Principles and Recommendations	Compliance	Comment
4. Safeguard integrity in Corporate Reporting		
4.1 The board of a listed entity should:		
a) have an audit committee which: 1) has at least three members, all of whom are non – executive directors and a majority of whom are independent directors; 2) is chaired by an independent director who is not the chair of the Board; and disclose 3) the charter of the Committee; 4) the relevant qualifications and experience of each member of the committee; and	Does not comply	The Board has established an Audit Committee to safeguard the integrity of the Company’s financial reporting. The Audit Committee consists of three members as follows: • Mr Adam Saunders – Chairman of the Audit Committee, non-independent Non-Executive Director; • Sir Michael Bromley – non-independent Non-Executive Director; and • Mr Grant Worner – non-independent Non-Executive Director; Mr Andrew Martin was a member of the Audit Committee until his cessation on 15 July 2015. Mr Andrew Young was a member of the Audit Committee until his resignation on 20 May 2015. Mr Lamm was a member of the Audit Committee up until 18 March 2016 and was a non-independent Non-Executive Director during the period to 28 February 2016, and an Executive Director thereafter. The Audit Committee Charter is posted on the Company's website. The Board recognises that it is desirable for the majority of the Board to be Independent Directors, however the Company’s current size dictates that this is the most efficient mode of operation at the current time. The Board will review the appointment of further Independent Directors should the company’s size and growth warrant this.
5) in relation to each reporting period, the number of times the committee met through the period and the individual attendances of each of the members at those meetings.		The qualifications and experience of each member of the Committee and the number of Audit Committee meetings held and the attendances at those meetings is disclosed in the Annual Report.

NEW GUINEA ENERGY LTD

CORPORATE GOVERNANCE STATEMENT

Principles and Recommendations	Compliance	Comment
4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Complies	The Board has received this assurance from the Executive Chairman and Chief Financial Officer
4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Complies	Each year the Company's external auditor attends the Annual General Meeting.
5. Make timely and balanced disclosure		
5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Complies	The Board has adopted a Continuous Disclosure Policy to ensure that the Company complies with its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules and to ensure accountability for compliance. The Continuous Disclosure Policy is posted on the Company's website. The Executive Chairman and the Company Secretary have primary responsibility for ensuring that the Company complies with its continuous disclosure obligations.
6. Respect the rights of shareholders		
6.1 A listed entity should provide information about itself and its governance to investors via its website.	Complies	Information pertaining to the Company can be located on the Company's website at: http://www.ngenergy.com.au/ Further information can be found at: http://www.asx.com.au/asx/research/company.do#!/NGE
6.2 A listed entity should design and implement an investor relations program to facilitate effective two – way communication with investors.	Complies	The Board has established practices to facilitate effective communication with shareholders. The Executive Directors and the Company Secretary oversee this process through the Company's website. Regular briefings are held with professional investors. Prior to such briefings, any new information to be given is first released to the ASX and if significant, is later distributed to shareholders/investors who have registered their email address with the Company.

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All shareholders are notified in writing of general meetings and are encouraged to attend and participate.

	Principles and Recommendations	Compliance	Comment
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Complies	The Company has established a Shareholder Communication Policy which is posted to the Company's website. The Policy seeks to promote effective communication with shareholders and encourage effective participation by shareholders at general meetings.
6.4	A listed entity should give security holders the option to receive communications from and send communications to, the entity and its security registry electronically.	Complies	Through the Company's website and through the website of the Company's share registry, security holders are invited to provide their email address to enable electronic communication to and from the Company and its share registry.
7.	Recognise and manage risk		
7.1	The Board of a listed entity should: a) Have a committee or committees to oversee risk, each of which; 1) Has at least three members, a majority of whom are independent directors; and 2) Is chaired by and independent director; and disclose 3) The charter of the committee; 4) The members of the committee; and 5) As at the end of each reporting period, the number of times the committee met through the period and the individual attendance of the members at those meetings;	Does not comply	Due to the present size of the Company, Company does not have a standalone Risk Committee. The full Board and the Audit Committee together perform the role of risk oversight.

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Principles and Recommendations	Compliance	Comment
b) If it does not have a risk committee or committees that satisfy a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	Complies	The Company's Risk Management Policy articulates the accountabilities of the Board, the Audit Committee and management in respect of risk management. The Audit Committee is responsible for providing the Board with advice and recommendations regarding the ongoing development of risk oversight and management policies. The Board monitors and receives advice as required on material business risks, and regularly considers appropriate risk management strategies. Specific identified areas of risk are regularly considered at Board meetings. Included in these areas are performance of operations, human resources, health, safety and the environment, continuous disclosure obligations, asset protection and financial exposures. The Executive Chairman and Chief Financial Officer are required to design and implement the Company's risk management and internal control system to manage the Company's material business risks and to report on whether those risks are being managed effectively. The Company's Risk Management Policy is posted on the Company's website.
7.2 The board or committee of the board should: a) Review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and b) Disclose in relation to each reporting period, whether such a review has taken place.	Complies	The Executive Chairman and CFO have reported to the board on the effectiveness of the Company's management of its material business risks.
7.3 A listed entity should disclose: a) If it has an internal audit function, how the function is structured and role it performs; and b) If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Complies	The Company's internal audit function is carried out by the Company's Audit Committee. The Board is responsible for reviewing and assessing the effectiveness of the Company's system of risk management and the Audit Committee is also responsible for reviewing at least annually the effectiveness of the Company's implementation of the risk management system and providing advice and recommendations to the Board regarding the ongoing development of risk oversight and management policies.

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Principles and Recommendations	Compliance	Comment
7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and if it does, how it manages or intends to manage those risks.	Complies	The Company takes seriously its responsibility to ensure that its operations do not compromise the health of the ecosystems in which it operates in Papua New Guinea. The Company manages this risk by engaging experienced contractors who are qualified to manage environmental sustainability risks on the Company's behalf.
8. Remunerate fairly and responsibly		
8.1 The Board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of the reporting period, the number of times the committee met throughout the period and the individual attendance of the members at those meeting.	Does not comply	The Board has established a Remuneration Committee consisting of three Non-Executive directors being Sir Michael Bromley, Mr Adam Saunders and Mr Grant Worner. Sir Bromley, Mr Saunders and Mr Worner are considered not to be independent directors. Mr Lamm was a member of the Remuneration Committee up until 18 March 2016 and was a non-independent Non-Executive Director during the period to 28 February 2016, and an Executive Director thereafter. Mr Andrew Martin was a member of the Remuneration Committee until his cessation on 15 July 2015. Mr Andrew Young was a member of the Remuneration Committee until his resignation on 20 May 2015. The Remuneration Committee is chaired by Sir Michael Bromley who is not an independent chair. The Board recognises that it is desirable for the majority of the Board to be Independent Directors, however the Company's current size dictates that this is the most efficient mode of operation at the current time. The Board will review the appointment of further Independent Directors should the company's size and growth warrant this. The Company's Remuneration Committee Charter is posted on the Company's website. The number of Remuneration Committee meetings held throughout the year and the attendances at those meetings is disclosed in the Company's Annual Report.

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Principles and Recommendations	Compliance	Comment
8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non executive directors and the remuneration of executive directors and other senior executives.	Complies	The Company's policy on remuneration is that the remuneration packages of Non-Executive directors are generally fee based in the form of cash, non-cash benefits, superannuation contributions or salary sacrifice into equity. The Remuneration Committee is required to ensure that there is a clear distinction between the structure of Non-Executive directors' remuneration and executive directors' remuneration; and Non-Executive directors do not participate in remuneration schemes designed for executive directors; or receive bonus payments or retirement benefits other than statutory superannuation. The Company's constitution provides that the remuneration of Non-Executive directors will be not more than the aggregate fixed sum determined by a general meeting. The remuneration of the Company's Managing Director and its senior executives is disclosed in the Company's Annual Report.
8.3 A listed entity which has an equity based remuneration scheme should: a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limited the economic risk of participating in the scheme; and b) disclose that policy or a summary of it.	n/a	The Company does not currently have an equity based remuneration scheme.

ACN 112 618 238

Fill out this Application form if you wish to apply for Shares in New Guinea Energy Limited

- Please read the Prospectus dated 31 October 2016.
- Follow the instructions to complete this Application form (see reverse).
- Print clearly in capital letters using black or blue pen.

Broker Reference – Stamp Only

Broker Code

Advisor Code

x \$1.00 per share =

B Total amount payable

C Write the name(s) you wish to register the Shares in (see reverse for instructions)

Applicant 1

Name of Applicant 2 or < Account Designation >

Name of Applicant 3 or < Account Designation >

D Write your postal address here

Number / Street

Suburb/Town

State

Postcode

E CHESS participant – Holder Identification Number (HIN)

X									
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Important please note if the name & address details above in sections C & D do not match exactly with your registration details held at CHES, any Securities issued as a result of your application will be held on the Issuer Sponsored subregister.

F Enter your Tax File Number(s), ABN, or exemption category

Applicant #1

Applicant #2

Applicant #3

G Cheque payment details – PIN CHEQUE(S) HERE

Please enter details of the cheque(s) that accompany this application.

Name of drawer of cheque

Cheque No.

BSB No.

Account No.

Cheque Amount A\$

H Contact telephone number (daytime/work/mobile)

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Email address

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By submitting this Application form, I/We declare that this Application is completed and lodged according to the Prospectus and the instructions on the reverse of the Application form and declare that all details and statements made by me/us are complete and accurate. I/We agree to be bound by the constitution of **New Guinea Energy Limited** (the Company). I/We was/were given access to the Prospectus together with the application form. I/We represent, warrant and undertake to the Company that our subscription for the above Shares will not cause the Company or me/us to violate the laws of Australia or any other jurisdiction which may be applicable to this subscription for Shares in the Company.

Guide to the Application Form

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS.
These instructions are cross-referenced to each section of the Application Form.

Instructions

- A. If applying for Shares insert the **number** of Shares for which you wish to subscribe at Item A. Multiply by **\$1.00** AUD to calculate the total for Shares and enter the **\$amount** at B.
- C. Write your **full name**. Initials are not acceptable for first names.
- D. Enter your **postal address** for all correspondence. All communications to you from the Company will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- E. If you are sponsored in CHESS by a stockbroker or other CHESS participant, you may enter your CHESS HIN if you would like the allocation to be directed to your HIN.
NB: your registration details provided must match your CHESS account exactly.
- F. Enter your Australian **tax file number** ("TFN") or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN /ABN of each joint Applicant. Collection of TFN's is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form.
- G. Complete **cheque details** as requested. Make your cheque payable to "**New Guinea Energy Limited**", cross it and mark it "**Not negotiable**". Cheques must be made in Australian currency, and cheques must be drawn on an Australian Bank.
- H. Enter your **contact details** so we may contact you regarding your Application Form or Application Monies.
- I. Enter your **email address** so we may contact you regarding your Application Form or Application Monies or other correspondence.

Correct Forms of Registrable Title

Note that ONLY legal entities can hold the Shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person.

Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Individual	Mr John David Smith	J D Smith
Company	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
Trusts	Mr John David Smith <J D Smith Family A/C>	John Smith Family Trust
Deceased Estates	Mr Michael Peter Smith <Est Lte John Smith A/C>	John Smith (deceased)
Partnerships	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
Clubs/Unincorporated Bodies	Mr John David Smith <Smith Investment A/C>	Smith Investment Club
Superannuation Funds	John Smith Pty Limited <J Smith Super Fund A/C>	John Smith Superannuation Fund

Lodgement

Mail your completed Application Form with cheque(s) attached to the following address:

Mailing address:

New Guinea Energy Limited
C/- Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

Delivery address:

New Guinea Energy Limited
C/- Boardroom Pty Limited
Level 12
225 George Street
SYDNEY NSW 2000

It is not necessary to sign or otherwise execute the Application Form.

If you have any questions as to how to complete the Application Form, please contact Boardroom Limited on 02 9290 9600.

Privacy Statement:

Boardroom Pty Limited advises that Chapter 2C of the Corporations Act 2001 (Cth) requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your share holding and if some or all of the information is not collected then it might not be possible to administer your share holding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on the Application Form.

Our privacy policy is available on our website (<http://www.boardroomlimited.com.au/Privacy.html>).