



07 March 2012

Market Announcements Office
ASX Limited

PPL 277 SALE

New Guinea Energy Limited (**NGE**) is pleased to announce that it has signed agreements with Esso PNG Exploration Ltd (**Esso**), a subsidiary of Exxon Mobil Corporation, and Oil Search (PNG) Limited (**OSH**) regarding Petroleum Prospecting Licence (PPL) 277, currently held by Kingsbury Limited (Kingsbury), one of NGE's wholly owned subsidiaries.

Under the terms of the agreements, and contingent on receipt of the next extension of PPL 277 and other requisite government approvals, Esso and OSH will each acquire 50% of the working interests in PPL 277 in exchange for a total of US\$15 million (Esso US\$7.5 million, OSH US\$7.5 million).

Subject to further conditions, NGE may become entitled to an additional US\$20 million if a Petroleum Development Licence (PDL) is granted, and if commercial production occurs, a royalty over all revenue received from the petroleum produced and sold (Royalty).

It is difficult to assign a value to these additional rights as they depend on a number of factors and contingencies which are outside NGE's control, e.g. discovery of petroleum, size of petroleum discoveries, commercial viability of any development, timing of production, LNG pricing at the time of production and other economic and financing contingencies. For illustrative purposes, and assuming all of the contingencies have been met, NGE's view of the potential value to NGE for recovered petroleum from PPL 277 is summarised in the table below (applying current economic parameters).

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

The first exploration activity near PPL 277 will be via Esso and OSH's drilling of Trapia-1 on the border of PRL 11 and PPL 277 during the first half of 2012. Trapia is a large structure within PRL 11 close to the PNG LNG infrastructure and east of the Hides and Angore fields and may overlap into PPL 277.

NGE Chief Executive Officer, Grant Worner commented,

"These agreements are a potential game-changer for NGE and represent a tremendous outcome for our company as they:

- recognise the value of NGE's properties;
- reduce NGE's risk and capital obligations associated with working in the PNG highlands; and
- provide NGE with high-side exposure and a source of ongoing revenue in the event of commercial development."

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Should you have any queries, please contact the Company Secretary on +61 9252 0010.

Lucy Rowe
Company Secretary

Disclaimer

Any forecast or other forward-looking statement contained in this announcement involves known and unknown risks and uncertainties and significant elements of subjective judgment and assumptions as to future events which may or may not be correct. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of New Guinea Energy, and may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements.

About New Guinea Energy

NGE, listed on the Australian Securities Exchange (**ASX**), the Port Moresby Stock Exchange (**POMSOX**) and the OTCQX, is focused on petroleum exploration and production in Papua New Guinea. The Company possesses six onshore licences encompassing 44,800 km² which represents one of the last available highly prospective, onshore, non-aligned acreage positions in SE Asia.

The map below illustrates the proximity of PPL 277 (in yellow) relative to the PNG LNG infrastructure (in blue).



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