New Guinea Energy Ltd

2 July 2010

The Company Announcements Office
ASX Limited

Drilling Report
Panakawa-1 Exploration Well, PPL 267, PNG

New Guinea Energy Limited reports that at 0600 PNG time the well was at a depth of 351 metres and preparing to drill out the shoe at the base of the 13 3/8" casing. Progress for the week was 351 metres.

The Panakawa Prospect is an oil prospect located in PPL 267 in Papua New Guinea. The Panakawa Prospect was initially identified as a lead from the Yalis Phase I Seismic Survey completed in 2006 and further delineated by the Yalis Phase II Seismic Survey (Q3 2008). The Prospect underlies the Panakawa Oil Seep which has a surface measured flow rate of 5 barrels of oil per day of 35°API oil.

The Panakawa 1 well is targeting the Lower Cretaceous Toro Formation sandstone and several secondary reservoirs. Proposed total depth of the well is 2323m metres in basement.

New Guinea Energy Limited is the sole participant in the Panakawa 1 well as the holder of a 100% interest in PPL 267.

Should you have any queries, please contact the Company Secretary on +61 (0)2 9250 1800.

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