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Chairman's Address to Shareholders AGM - 24th November 2016

Given the ongoing downturn in oil price, we have continued to moderate our petroleum exploration activities.

Enegex holds a 14.875% participating Interest in the Cornea Retention Lease WA-54R. Both technical and commercial work has been carried out by the Cornea joint venturers. Technical work has included drilling studies, particularly focusing on the use of technology to address key reservoir productivity uncertainties. Economic studies were directed at the effect on project viability, following the significant and protracted fall in oil price.

The initial Cornea Retention Lease work program had been formulated to address technical challenges associated with the Fields; with the first three years of the Lease designed to address the drilling and produceability challenges. With oil prices exceeding US\$110 a barrel, the original work programme was designed on the premise that Cornea's main challenge was not whether the Cornea reservoir would produce, but rather, whether production would be economic.

However, our recent economic modelling has demonstrated that a major shift in the Greater Cornea Field's commerciality has taken place as a result of the current sustained low oil price environment. It has demonstrated that the Greater Cornea Fields are not presently economic (even were the production uncertainties resolved). "Oil price" is now identified as the input to which the field is most sensitive, rather than "production", which was the case in 2013/14 when oil prices exceeded US\$110 a barrel and the Australian dollar was close to parity with the US dollar.

As a result, the Cornea Joint Venture has agreed to apply to the authorities to vary the conditions of WA-54-R in order that the work programme is focussed on the "oil price" barrier to development that we now face.

With oil prices continuing to languish, we have considered where our future may lie.

Advances are being made with energy storage. Enegex is seeking to become involved in innovations that are transforming the storage of energy, the increasing use of battery powered vehicles and alternative energy sources as a sector with growth opportunities. Key benefits associated with this sector include the following:

1. Battery and other forms of energy storage are expected to grow very quickly and will promote increased uptake of renewable energy and electric cars;
2. Australia is expected to be one of the largest markets for energy and battery storage due to the high cost of electricity, the large number of households already with solar panels and Australia's excellent solar resources; and
3. The potential to reduce two large contributors to the cost of electricity bills in Australia – network and wholesale energy costs.

Our initial initiatives are to investigate and to undertake investment in the following areas:

1. Strategic energy storage minerals such as lithium, cobalt and graphite
2. Battery storage technology
3. Energy storage technology
4. Alternative and renewable energy sources

Our involvement in energy storage and services may take the form of direct participation, joint venture or equity investment.

In order to maintain a very modest amount of working capital, EnegeX completed a fully underwritten pro rata non-renounceable rights issue as a result of which it raised \$321,998 before costs, and issued 26,833,246 shares.

EnegeX maintained extreme fiscal discipline during the year. Directors continue to forgo directors' fees and all other forms of corporate expenditure have been limited or reduced to the bare minimum.

We have commenced initial research to determine appropriate participation entry points and levels and look forward to our involvement in this sector.

GA Menzies

Chairman

Melbourne 24 November 2016