

## QUARTERLY ACTIVITY REPORT

31 March 2017

Enegex Limited (**ASX Code: ENX**) holds a working interest in petroleum Retention Lease WA-54-R located in the Browse Basin. Details of activities undertaken during the quarter are provided below.

### Interest in WA-54-R Greater Cornea Fields

The company holds a 14.875% interest in the Cornea Joint Venture. The Cornea Joint Venture ownership is the following:

Enegex Limited	14.875%
Octanex Group (ASX Code: OXX)	18.750%
Cornea Resources Pty Ltd (Operator)	13.100%
Others	53.275%

The assets of the Cornea Joint Venture, being The Greater Cornea Fields, comprise the Cornea (Central and South), Focus and Sparkle Oil Fields and the Cornea North (Tear) Gas Field, and are located in the Browse Basin, offshore from Western Australia and held via a Retention Lease (WA-54-R) over 6 graticular blocks, amounting to an area of 497km<sup>2</sup>.

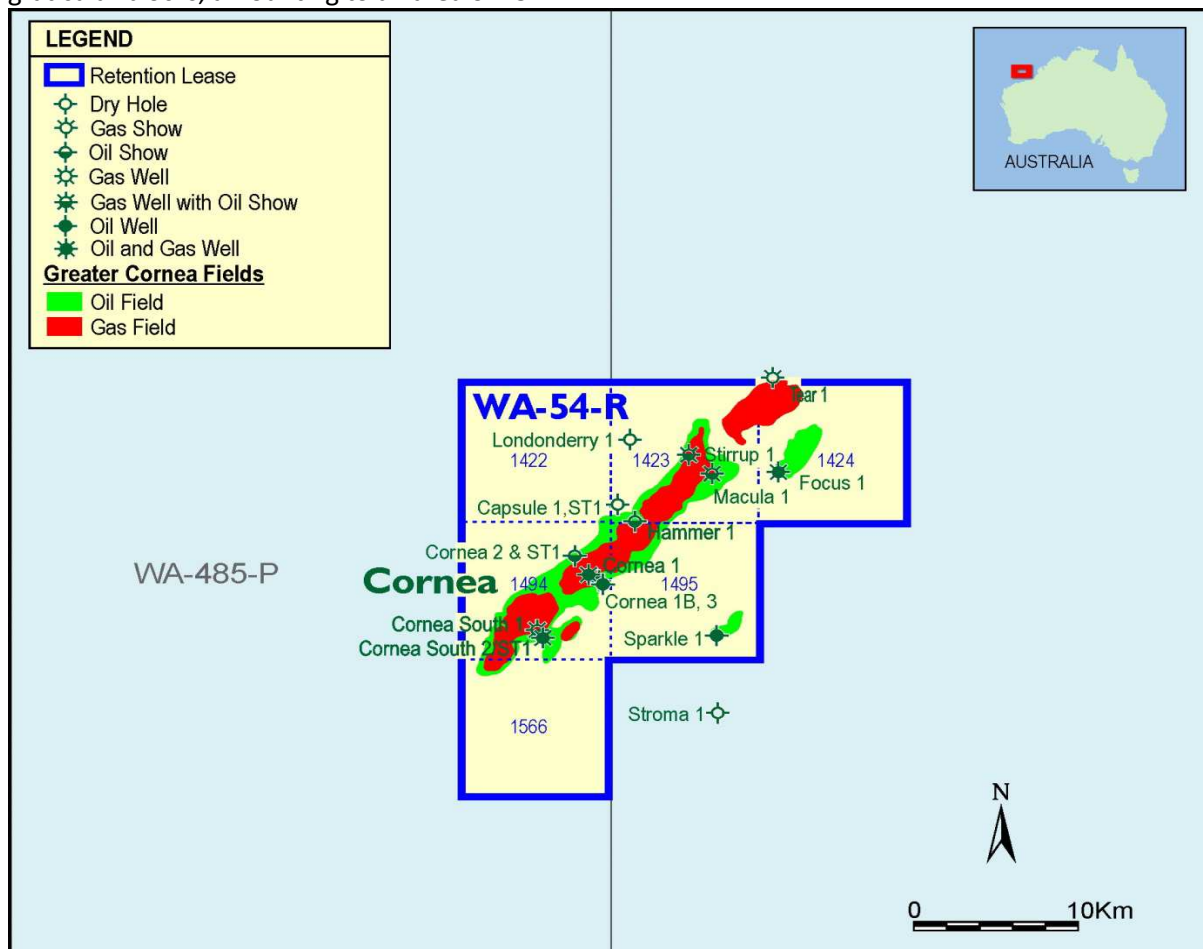


Figure 1 Greater Cornea Field Retention Lease Location Map

The Greater Cornea Fields are represented by a challenging reservoir presenting numerous production uncertainties and presently negative commercial viability due to the lower oil price environment. (Refer Table 1).

	Low Estimate	Best Estimate	High Estimate	
Middle Albian B & C Sands	(P90)	(P50)	(P10)	Units
Total Oil In-place	298.0	411.7	567.2	mmbbl
Recovery Factor (RF)	2	7	25	%
Contingent Oil Resources	7.9	28.8	101.9	mmbbl
Prospective Enegex Economic Interest*	1.16	4.28	15.16	mmbbl

\* Based on Enegex's 14.875% Participating Interest in WA-54-R.

**Table 1 Probabilistic In-place and Contingent Oil Resources for Cornea Central and South Fields (no development risk applied)**

### Work Program

The WA-54-R work program is aimed at overcoming the various challenges likely to be faced in bringing the Greater Cornea Fields into commercial production.

At the time the Retention Lease was applied for and granted, production uncertainty was considered to be the greatest barrier to the development of the Greater Cornea Fields. Given the then favourable prevailing oil price, it was understood that resolving the production uncertainty could provide a reasonable expectation for probable commercial development.

Accordingly, the Retention Lease work program was largely designed to address the technical challenges of the Fields; with the first three years of the Retention Lease designed to support the quantification of drilling challenges, culminating in a Year-4 production test, with the Year-5 work programme involving review of the Year-4 outcomes. The work programme was thus designed on the premise that Cornea's challenge was whether it would produce, rather than whether production would be economic.

However, the current sustained low oil price environment presents a major challenge to the field's commerciality. Given the ~60% decline in oil price, the first hurdle to commerciality of the Greater Cornea Fields is no longer producibility, but an "oil price" which has now made the development economically non-viable. As such, the WA-54-R work program no longer addresses the Greater Cornea Fields' most significant barrier to development and the Cornea Joint Venture has applied to vary the conditions of WA-54-R.

### Potential Alliances

In addition to maintaining fiscal discipline and progressing the Retention Lease work program, Enegex remains interested in developing potential alliances for the development of Cornea.

## Energy Storage Innovation

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. Key benefits associated with this sector include the following:

1. Various forms of energy storage are expected to grow quickly and will promote increased uptake of renewable energy, in particular;
2. Australia is expected to be one of the largest markets for energy 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. Energy storage technologies
3. Alternative and renewable energy sources

Our involvement in energy storage and services may take a variety of forms including direct participation, joint venture and equity investment.

Enegex continued to make small investments in Genex Power Limited (ASX Code GNX) during the quarter.

## Board Changes

Mr Peter Armitage has been appointed as an independent non-executive director with effect from 11 April 2017. Mr Armitage is an experienced public company director, having served on the boards of numerous resources companies over more than 20 years. Mr Armitage is currently a director of ASX-listed companies Peakco Limited and Strategic Energy Resources Limited.

Mr Graeme Menzies has resigned as a director of the Company. Mr Menzies has been a director of Enegex since its inception and is thanked most sincerely for his contributions.

Following Mr Menzies' resignation, Mr Geoffrey Albers has been appointed Chairman of the Board.

The Board is now comprised of Mr Geoffrey Albers, Ms Rae Clark and Mr Peter Armitage.

## By Order of the Board



**R J Wright**  
Company Secretary  
Melbourne, Australia  
28 April 2017

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

#### Name of entity

ENEGEX LIMITED

#### ABN

28 160 818 986

#### Quarter ended ("current quarter")

31 March 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(2)	(11)
(b) development		
(c) production		
(d) staff costs		
(e) administration and corporate costs	(21)	(88)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	9
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (provide details if material)		
<b>1.9 Net cash used in operating activities</b>	<b>(22)</b>	<b>(90)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments	(18)	(21)
(d) other non-current assets		

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
<b>2.6 Net cash used in investing activities</b>	<b>(18)</b>	<b>(21)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares		
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options		(22)
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
<b>3.10 Net cash used in financing activities</b>		<b>(22)</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	516	609
4.2 Net cash used in operating activities (item 1.9 above)	(22)	(90)
4.3 Net cash used in investing activities (item 2.6 above)	(18)	(21)
4.4 Net cash used in financing activities (item 3.10 above)		(22)
4.5 Effect of movement in exchange rates on cash held		
<b>4.6 Cash and cash equivalents at end of period</b>	<b>476</b>	<b>476</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	259	300
5.2	Call deposits	217	216
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>476</b>	<b>516</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

<b>Current quarter \$A'000</b>

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

<b>Current quarter \$A'000</b>
17

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	10
9.2 Development	
9.3 Production	
9.4 Staff costs	
9.5 Administration and corporate costs	30
9.6 Other (provide details if material)	
<b>9.7 Total estimated cash outflows</b>	<b>40</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced		See Activity Report		
10.2 Interests in mining tenements and petroleum tenements acquired or increased		See Activity Report		

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: .....  
(Company Secretary)

Date: 28 April 2017

Print name R.J. WRIGHT

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.