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## **Chairman's Address to Shareholders AGM - 29th November 2017**

EneGex's focus is on energy in all its forms, with a particular emphasis, to date, on the oil and gas industry.

EneGex holds a 14.875% participating Interest in the Cornea Retention Lease WA-54R in which the Cornea oilfield is situated.

The Cornea Retention Lease, in the Browse Basin offshore from Western Australia, was granted following the significant new information gained from the Cornea-3 well, in which Octanex actively participated. The initial Cornea Retention Lease work program was formulated at a time when oil prices were in excess of US\$100 per barrel and had been as high as US\$140 a barrel. To address the challenges to development of Cornea; the first three years of the Lease were designed to support the quantification of drilling and produceability challenges in the US\$100 per barrel environment.

Demonstrating Cornea's ability to achieve threshold production was then seen as, and remains, the key barrier to commercialisation of Cornea. A production test well, designed to achieve such economic production for a given development was identified as a key means of moving Cornea towards development. However, the reduced oil price environment has since impacted negatively on the development scenarios we studied.

Thus, the factors that set the parameters for a Cornea development have changed considerably since the Retention Lease was granted, as has the basis of design for a viable Cornea production well test. We have now formulated a possible favourable development concept which is significantly simplified from the originally proposed "high capex" development. Integrated reservoir modelling and facilities work has been commenced to support design of a production test well capable of delivering threshold productivity using and required by this much reduced infrastructure concept.

The Cornea Joint Venture has applied to the authorities to vary the conditions of WA-54-R so as to enable the work programme to focus on the elements that might achieve threshold production for our new infrastructure concept within the current "reset" oil price regime.

EneGex is open to other natural resource opportunities. With oil said to be facing an uncertain future, we have considered other areas where EneGex's future may lie. In particular, with advances being made in energy generation and storage, EneGex is seeking to become involved in innovations that are transforming the generation and storage of energy. Our involvement may take a variety of forms including direct participation, joint venture and equity investment.

Graeme Menzies retired during the year and I thank him for his service to the Company. Peter Armitage joined the board following Graeme's retirement and I am pleased to introduce Peter today. During the year EneGex has continued to maintain extreme fiscal discipline with Directors continuing to forgo directors' fees and corporate expenditure limited.

I thank my co-directors for their support during the year.

E.G. Albers  
Chairman  
Melbourne 29 November 2017