

QUARTERLY ACTIVITY REPORT

31 December 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 Greater Cornea Fields (being the Cornea, Focus and Sparkle Oil Fields and the Cornea North (Tear) Gas Field) are located in the Browse Basin, offshore from Western Australia and held via a Retention Lease (WA-54-R).

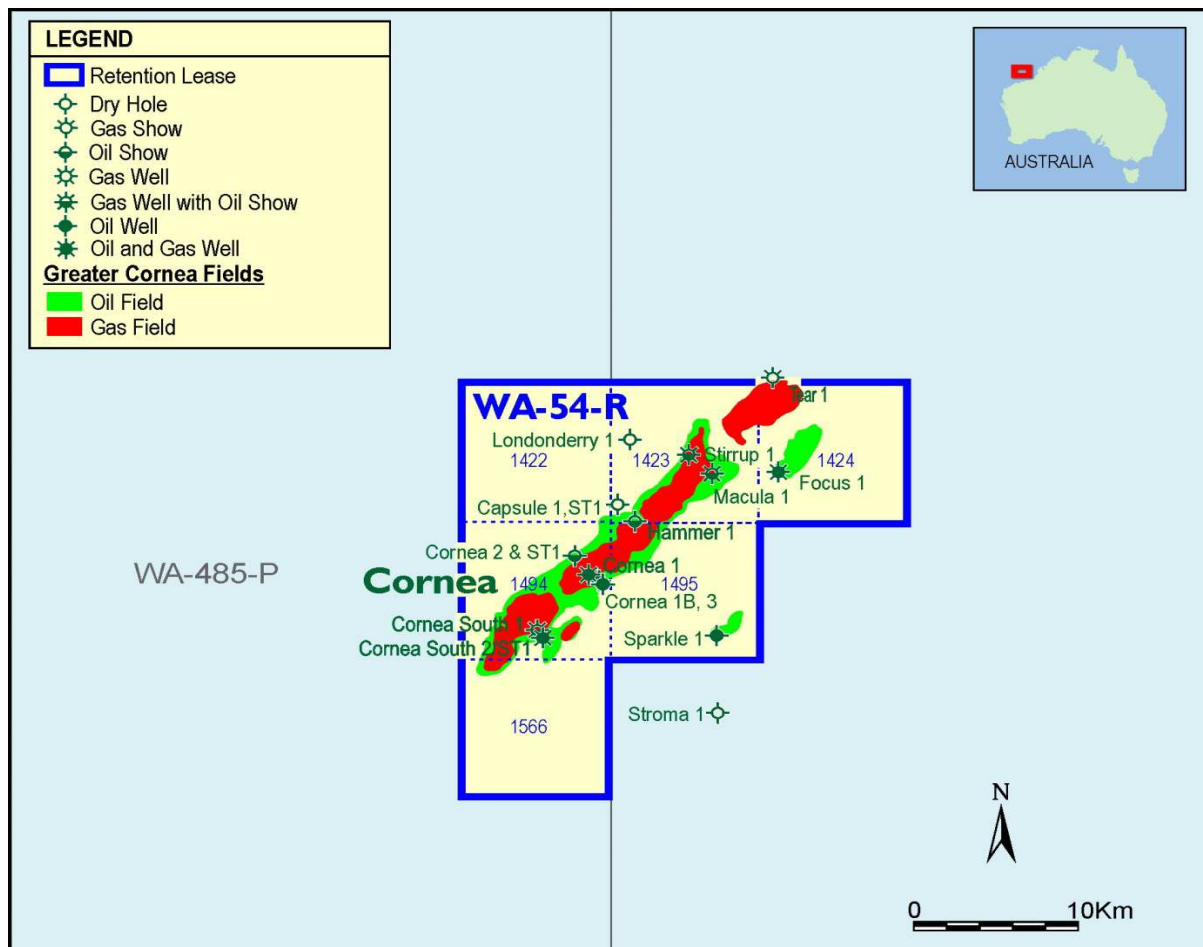


Figure 1 Greater Cornea Field Retention Lease Location Map

The Greater Cornea Fields present a large in place oil resource contained in a challenging reservoir. At the time the Retention Lease was applied for and granted, production uncertainty was identified as the primary constraint to the development of the Greater Cornea Fields. A successful production test well designed to demonstrate threshold productivity for development initiation is required to commercialise Cornea. A production test well must be placed and constructed in the same manner as intended for field development in order to prove up viable well construction methodologies and technologies, ensure representative threshold oil production is achieved and control of gas and water ingress.

Given the favourable prevailing oil price when the Retention Lease was applied for and granted, numerous field development concepts were then considered likely to be economic (subject to achieving threshold production volumes).

The current environment presents a further significant challenge to the Cornea field's commerciality, having rendered as non-viable the field development concepts previously considered as potentially viable.

Reflecting the changed oil price environment, new development concept screening was undertaken earlier this year with the objective of identifying a field development concept with the potential to be commercial at current oil prices (US\$50/Bbl). Following this screening, a field development concept predicated on the use of a Mobile Offshore Production Unit (MOPU) with a subsea tank and single point mooring has been selected for further investigation. This concept is significantly different to earlier concepts with significant cost reduction implications.

Integrated reservoir modelling and facilities work has been commenced to support design of a production test well capable of delivering threshold productivity using this development concept. The Cornea Joint Venture has applied to vary the conditions of WA-54-R to facilitate this work.

Energy Storage Innovation

Energex is open to other natural resource opportunities that may present.

With oil prices continuing to languish, we have considered other avenues where our future may lie. In particular, with advances being made in energy generation and storage, Energex is seeking to become involved in innovations that are transforming the storage of energy. Our involvement in energy storage and services may take a variety of forms including direct participation, joint venture and equity investment.

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

- Strategic energy storage minerals
- Energy storage technologies
- Alternative and renewable energy sources

By Order of the Board



R J Wright
Company Secretary
Melbourne, Australia
31 January 2018

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 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(8)	(21)
(b) development		
(c) production		
(d) staff costs		
(e) administration and corporate costs	(24)	(59)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	2
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)		
1.9 Net cash used in operating activities	(31)	(78)

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

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
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)		
2.6 Net cash used in investing activities		

3. Cash flows from financing activities		
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		
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)		
3.10 Net cash used in financing activities		

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	385	432
4.2 Net cash used in operating activities (item 1.9 above)	(31)	(78)
4.3 Net cash used in investing activities (item 2.6 above)		
4.4 Net cash used in financing activities (item 3.10 above)		
4.5 Effect of movement in exchange rates on cash held		
4.6 Cash and cash equivalents at end of period	354	354

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	133	165
5.2	Call deposits	221	220
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	354	385

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

Current quarter \$A'000

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

Current quarter \$A'000
9

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available

Add notes as necessary for an understanding of the position

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.

Total facility amount
at quarter end
\$A'000

Amount drawn at
quarter end
\$A'000

9. Estimated cash outflows for next quarter

\$A'000

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)

9.7 Total estimated cash outflows

40

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
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: 31 January 2018

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.