

ENEGEX Limited

ABN 28 160 818 986

HALF YEAR FINANCIAL REPORT

31 December 2017

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CORPORATE DIRECTORY

BOARD OF DIRECTORS

E.G. Albers (Chairman)
R.L. Clark
A.P. Armitage

COMPANY SECRETARY

R.J. Wright

Registered Office

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Auditor

Grant Thornton Audit Pty Ltd
Tower 1, Collins Square
727 Collins Street
Melbourne, Victoria 3008 Australia

Share Registry

Automatic Pty Ltd
Level 3
50 Holt Street
Surry Hills, NSW 2010, Australia

Stock Exchange Listing

ASX Ltd
Level 4, North Tower, Rialto
525 Collins Street
Melbourne, Victoria 3000, Australia

ASX Code:

ENX Ordinary Shares

Incorporated in the State of Victoria

17 October 2012

DIRECTORS' REPORT

The directors of Enegex Limited (**Enegex or the company**) submit their report on the results of the company for the half year ended 31 December 2017.

The names of the company's directors in office during the half year and until the date of this report are as follows:

<i>Geoffrey Albers</i>	– <i>Non-Executive Chairman</i>
<i>Raewyn Clark</i>	– <i>Executive Director</i>
<i>Peter Armitage</i>	– <i>Non-Executive Director</i>

FINANCIAL RESULTS FOR THE HALF YEAR

The net loss for the half year, after income tax, was \$48,864 (2016: \$53,854).

DIVIDENDS

No dividend was declared or paid during the half year.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There are no significant changes in the state of affairs for the half year ended 31 December 2017 and to the date of signing this report.

REVIEW OF OPERATIONS

WA-54-R – Greater Cornea Fields, Western Australia, 14.875% interest

The Cornea Joint Venture consists of the following interests:

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 (Central and South), 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 which covers 6 graticular blocks, amounting to an area of 497km².

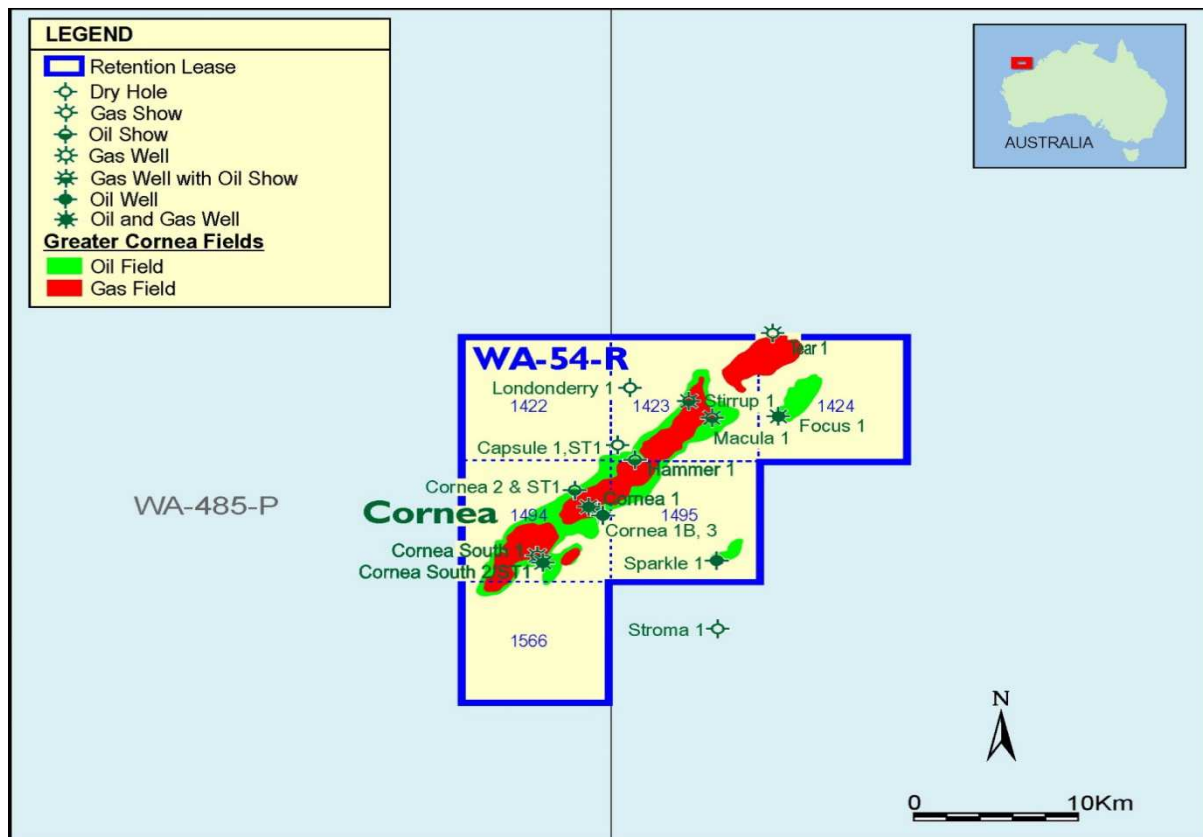


Figure 1 Greater Cornea Field Retention Lease Location Map

The Greater Cornea Fields present an 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. 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).

However, the current oil-price 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 with the objective of identifying a field development concept with the potential to be commercial at lower 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 re-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

SUBSEQUENT EVENTS

There has been no significant after balance date event up to the date of signing this report.

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained an independence declaration as required under section 307C of the Corporations Act 2001 from our auditor, Grant Thornton Audit Pty Ltd, a copy of which is included at page 13.

Signed in accordance with a resolution of the directors



RL Clark
Director

Melbourne, 15 March 2018

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Enegex Limited, I state that:

In the opinion of the directors:

- (a) the financial statements of the company, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes, are in accordance with the Corporations Act 2001 including:
 - (i) giving a true and fair view of the financial position of the company as at 31 December 2017 and the performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board.



RL Clark
Director
Melbourne, 15 March 2018

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 December 2017

	31/12/2017	31/12/2016
	\$	\$
Interest income	2,362	7,170
Audit	(7,532)	(7,500)
Consulting	(733)	(9,238)
Office costs	(13,349)	(13,937)
Other expenses	(12,116)	(12,943)
Share registry	(2,289)	(2,625)
Stock exchange	(15,207)	(14,781)
Loss before income tax benefit	<u>(48,864)</u>	<u>(53,854)</u>
Income tax benefit	-	-
Net Loss for the half year	<u>(48,864)</u>	<u>(53,854)</u>
Increase/ (decrease) in fair value of available-for-sale financial asset	12,515	(900)
Total comprehensive income for the half year	<u>(36,349)</u>	<u>(54,754)</u>
Basic loss per share (cents per share)	(0.061)	(0.067)
Diluted loss per share (cents per share)	(0.061)	(0.067)

The above Statement of Profit or loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION
AT 31 December 2017

	31/12/2017	30/6/2017
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	354,085	431,664
Trade and other receivables	3,614	3,757
TOTAL CURRENT ASSETS	<u>357,699</u>	<u>435,421</u>
NON-CURRENT ASSETS		
Available-for-sale financial assets	35,618	23,104
Exploration and evaluation assets	143,306	121,920
TOTAL NON-CURRENT ASSETS	<u>178,924</u>	<u>145,024</u>
TOTAL ASSETS	<u>536,623</u>	<u>580,445</u>
CURRENT LIABILITIES		
Trade and other payables	25,384	32,857
TOTAL CURRENT LIABILITIES	<u>25,384</u>	<u>32,857</u>
TOTAL LIABILITIES	<u>25,384</u>	<u>35,857</u>
NET ASSETS	<u>511,239</u>	<u>547,588</u>
EQUITY		
Issued capital	1,366,891	1,366,891
Reserves	14,485	1,970
Accumulated losses	(870,137)	(821,273)
TOTAL EQUITY	<u>511,239</u>	<u>547,588</u>

The above Statement of Financial Position is to be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 December 2017

	Issued capital	Accumul'd losses	AFS Reserve	Total Equity
	\$	\$	\$	\$
At 1 July 2017	1,366,891	(821,273)	1,970	547,588
Loss for the half year	-	(48,864)	-	(48,864)
Revaluation of financial asset (net of tax)	-	-	12,515	12,515
Total comprehensive income for the half year	-	(48,864)	12,515	(36,349)
At 31 December 2017	1,366,891	(870,137)	14,485	511,239
At 1 July 2016	1,364,941	(729,966)	-	634,975
Cost of issue (reversal)	1,950	-	-	1,950
Loss for the half year	-	(53,854)	-	(53,854)
Revaluation of financial asset (net of tax)	-	-	(900)	(900)
Total comprehensive income for the half year	-	(53,854)	(900)	(54,754)
At 31 December 2016	1,366,891	(786,820)	(900)	582,171

The above Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 December 2017

	31/12/2017	31/12/2016
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers - other	(58,465)	(66,686)
Interest received	2,272	7,438
	<u>(56,193)</u>	<u>(59,248)</u>
INVESTING ACTIVITIES		
Payments to suppliers - exploration	(21,386)	(8,137)
Payments for investments	-	(3,240)
	<u>(21,386)</u>	<u>(11,377)</u>
FINANCING ACTIVITIES		
Share issue costs	-	(22,200)
	<u>-</u>	<u>(22,200)</u>
Cash outflow from financing activities		
	<u>-</u>	<u>(22,200)</u>
Net decrease in cash assets	(77,579)	(92,825)
Cash assets at the beginning of the half year	431,664	609,011
	<u>354,085</u>	<u>516,186</u>
Cash assets at the end of the half year		

The above Statement of Cash Flows is to be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 December 2017

NOTE 1 CORPORATE INFORMATION

Enegex Limited ("Enegex" or "the company") is a for-profit company incorporated and domiciled in Australia with its registered office and principal place of business located at Level 21, 500 Collins Street, Melbourne, Victoria 3000. The financial report of the company for the half year ended 31 December 2017 comprises the company and the company's interest in joint operations.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the company as the annual financial report.

The half year financial report should be read in conjunction with the annual financial report of Enegex Limited for the year ended 30 June 2017.

It is also recommended that the half year financial report be considered together with any public announcements made by Enegex Limited during the six months ended 31 December 2017, made in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and the Listing Rules of the ASX.

Basis of Preparation

The half year financial report is a general-purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements. The half year financial report has been prepared on an historical cost basis.

For the purpose of preparing this financial report, the half year has been treated as a discrete reporting period.

The financial report for the half year ended 31 December 2017 has been prepared on a going concern basis. This basis has been adopted as the directors believe the company will be able to generate sufficient cash flows to satisfy its debts as and when they fall due.

The company has limited financial resources and will need to raise additional capital from time to time. Any such fund raisings will be subject to factors beyond the control of the company and its directors. When Enegex requires further funding for its programs, it is the company's intention that the additional funds would be raised in a manner deemed most expedient by the directors at the time, taking into account working capital, exploration results, budgets, share market conditions, capital raising opportunities and the interest of industry in co-participation in the company's programs.

The half year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2017 as well as those described in detail on the following page.

New and revised accounting standards applicable for the first time to the current half-year reporting period

The company has adopted all new and revised Australian Accounting Standards and Interpretations that became effective for the first time and are relevant to the company.

The adoption of the new and revised Australian Accounting Standards and Interpretations has had no significant impact on the company's accounting policies or the amounts reported during the current half-year period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 December 2017

NOTE 3 SEGMENT INFORMATION

Segment information is presented using a 'management approach', i.e. segment information is provided on the same basis as information used for internal reporting purposes by the directors.

At regular intervals, the board is provided management information at a company level for the company's cash position, the carrying value of its WA-54-R retention lease interest and a company cash forecast for the next twelve months of operation.

On this basis, no segment information is included in these financial statements.

NOTE 4 COMMITMENTS

Expenditure commitments include obligations arising from farm-in arrangements, minimum work obligations for the initial three year period of exploration permits and, thereafter, annually. Minimum work obligations may, subject to negotiation and approval, be varied. They may also be satisfied by farmout, sale, relinquishment or surrender of a permit.

Estimated expenditure to satisfy possible retention lease work obligations:

	31/12/2017	31/12/2016
	\$	\$
Not later than 1 year		
WA-54-R	14,875	111,563
Later than 1 year but not later than 3 years		
WA-54-R	6,121,063	37,188
	<u>6,135,938</u>	<u>148,751</u>
	=====	=====

NOTE 5 EVENTS SUBSEQUENT TO BALANCE DATE

There has been no significant after balance date events up to the date of signing this report.

NOTE 6 EQUITY SECURITIES ISSUED

There were no shares or options issued for the half year ended 31 December 2017.

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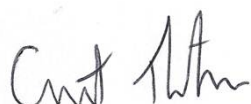
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Auditor's Independence Declaration to the Directors of Eneget Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Eneget Limited for the half-year ended 31 December 2017. I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



B L Taylor
Partner – Audit & Assurance

Melbourne, 15 March 2018

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Independent Auditor's Review Report to the Members of Enege Limited

Report on the Half Year Financial Report

Conclusion

We have reviewed the accompanying half year financial report of Enege Limited (the Company), which comprises the statement of financial position as at 31 December 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Enege Limited does not give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial reporting*.

Directors' Responsibility for the Half Year Financial Report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2017 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Enege Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



B L Taylor
Partner - Audit & Assurance

Melbourne, 15 March 2018