

ENEGEX Limited

ABN 28 160 818 986

HALF YEAR FINANCIAL REPORT

31 December 2018

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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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Email: admin@enegex.com.au
Website: www.enegex.com.au

Auditor

Grant Thornton Audit Pty Ltd
Tower 5, 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 45, South 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 Eneget Limited (**Eneget or the company**) submit their report on the results of the company for the half year ended 31 December 2018.

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

Geoffrey Albers – Non-Executive Chairman
Raewyn Clark – Executive Director
Peter Armitage – Non-Executive Director

FINANCIAL RESULTS FOR THE HALF YEAR

The net loss for the half year, after income tax, was \$52,234 (2017: \$48,864).

DIVIDENDS

No dividend was declared or paid during the half year.

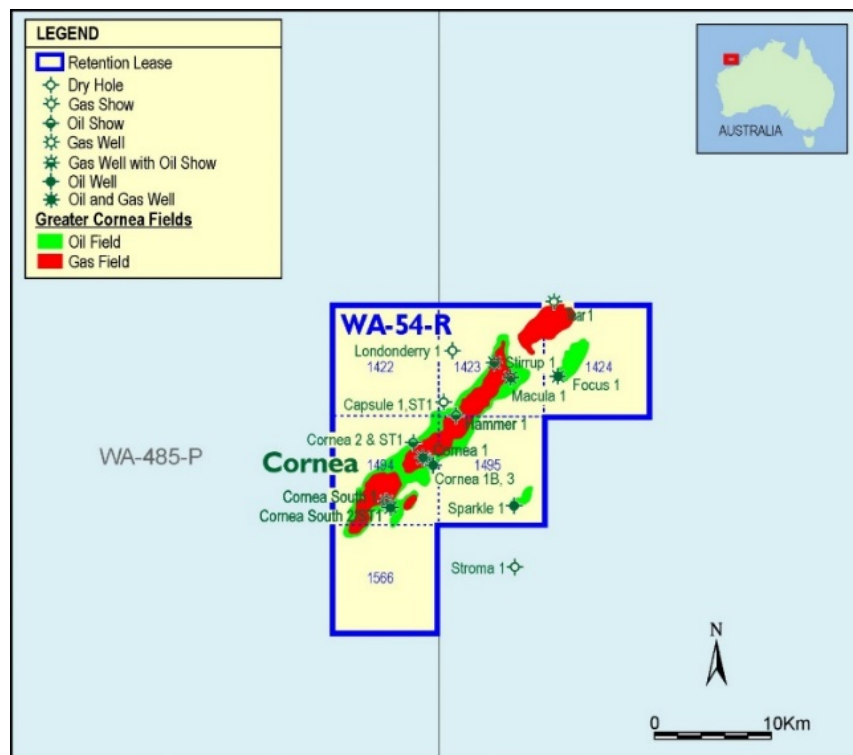
SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There are no significant changes in the state of affairs for the half year ended 31 December 2018 and to the date of signing this report.

REVIEW OF OPERATIONS

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

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).



Greater Cornea Field retention lease location map

The Cornea Retention Lease was granted following the new information gained from the Cornea-3 well in which Octanex actively participated. The Cornea Retention Lease work program was formulated to address the technical challenges to development of Cornea. The ability to achieve threshold production was then identified as the key barrier to commercialisation of Cornea, with technical characteristics of the reservoir presenting the primary challenges to achieving threshold production.

The parameters for a successful Cornea production test well have changed considerably since the Retention Lease was granted almost entirely as a result of the reduced oil price environment. The Cornea Joint Venture has, accordingly, applied to the authorities to vary the conditions of WA-54-R as studies indicate that the project is presently not commercial.

Since the end of the half-year the Cornea Joint Venture has been granted a variation of title to include a new work program item of 'integrated reservoir modelling and facilities study, including economic modelling', albeit leaving a production test well as a work item for years 4-5 of the Retention Lease (which year ends 4 May 2019). The letter accompanying the variation of title instrument conveyed the expectation of the Commonwealth-Western Australia Joint Authority (JA) that the Joint Venture's completion of this new work item will be a key factor in the JA's consideration of any renewal application for the Cornea retention lease.

Energy Storage Innovation

Energex is seeking other natural resource opportunities. Our initiatives also include corporate investigation and 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 14.

Signed in accordance with a resolution of the directors



RL Clark
Director

Melbourne, 15 March 2019

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 2018 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 2019

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 December 2018

	31/12/2018	31/12/2017
	\$	\$
Interest income	2,093	2,362
Audit	(7,650)	(7,532)
Consulting	(125)	(733)
Office costs	(11,368)	(13,349)
Other expenses	(16,952)	(12,116)
Share registry	(2,552)	(2,289)
Stock exchange	(15,680)	(15,207)
Loss before income tax benefit	<u>(52,234)</u>	<u>(48,864)</u>
Income tax benefit	-	-
Net Loss for the half year	<u>(52,234)</u>	<u>(48,864)</u>
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Changes in financial assets at fair value through other comprehensive income	(1,926)	12,515
Total comprehensive income for the half year	<u>(54,160)</u>	<u>(36,349)</u>
Basic loss per share (cents per share)	(0.065)	(0.061)
Diluted loss per share (cents per share)	(0.065)	(0.061)

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 2018

	Note	31/12/2018 \$	30/6/2018 \$
CURRENT ASSETS			
Cash and cash equivalents		224,770	287,052
Trade and other receivables		3,136	2,561
TOTAL CURRENT ASSETS		<u>227,906</u>	<u>289,613</u>
NON-CURRENT ASSETS			
Financial assets at fair value through other comprehensive income	7	25,991	-
Available-for-sale financial assets		-	27,917
Exploration and evaluation assets		189,353	185,249
TOTAL NON-CURRENT ASSETS		<u>215,344</u>	<u>213,166</u>
TOTAL ASSETS		<u>443,250</u>	<u>502,779</u>
CURRENT LIABILITIES			
Trade and other payables		28,511	33,880
TOTAL CURRENT LIABILITIES		<u>28,511</u>	<u>33,880</u>
TOTAL LIABILITIES		<u>28,511</u>	<u>33,880</u>
NET ASSETS		<u>414,739</u>	<u>468,899</u>
EQUITY			
Issued capital		1,366,891	1,366,891
Reserves		4,858	6,784
Accumulated losses		(957,010)	(904,776)
TOTAL EQUITY		<u>414,739</u>	<u>468,899</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 2018

	Issued capital	Accumul'd losses	Financial assets revaluation reserve	Total Equity
	\$	\$	\$	\$
At 1 July 2018	1,366,891	(904,776)	6,784	468,899
Loss for the half year	-	(52,234)	-	(52,234)
Revaluation of financial asset (net of tax)	-	-	(1,926)	(1,926)
Total comprehensive income for the half year	-	(52,234)	(1,926)	(54,160)
At 31 December 2018	1,366,891	(957,010)	4,858	414,739

	Issued capital	Accumul'd losses	AFS Reserve	Total Equity
	\$	\$	\$	\$
At 1 July 2017				
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

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 2018

	31/12/2018	31/12/2017
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers - other	(60,404)	(58,465)
Interest received	2,226	2,272
Net cash outflow from operating activities	<u>(58,178)</u>	<u>(56,193)</u>
INVESTING ACTIVITIES		
Payments to suppliers - exploration	(4,104)	(21,386)
Cash outflow from investing activities	<u>(4,104)</u>	<u>(21,386)</u>
FINANCING ACTIVITIES		
Share issue costs	-	-
Cash outflow from financing activities	<u>-</u>	<u>-</u>
Net decrease in cash assets	(62,282)	(77,579)
Cash assets at the beginning of the half year	287,052	431,664
Cash assets at the end of the half year	<u>224,770</u>	<u>354,085</u>

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 2018

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 2018 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 2018.

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 2018, 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 2018 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.

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, including AASB 15 Revenue from Contracts with Customers, has had no 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 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement requirements. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

The Company has assessed the classification and measurement of the Company's financial liabilities and financial assets.

When adopting AASB 9, the Company has applied transitional relief and elected not to restate prior periods. Rather, differences arising from the adoption of AASB 9 in relation to classification, measurement, and impairment are recognised in opening retained earnings as at 1 July 2018.

The table below outlines the accounting treatment for financial assets and financial liabilities under AASB 139 as compared to AASB 9

Financial instrument	Previous AASB 139	Current AASB 9
Security deposits	Amortised cost	Amortised cost
Trade and other payables	Amortised cost	Amortised cost
Borrowings	Amortised cost	Amortised cost
Derivative financial instruments	Fair value through profit or loss	Fair value through profit or loss

The company's other receivables do not meet the definition of a financial asset as are a GST receivable and as a result, Company management is satisfied that there is no impact from the transition from AASB139 to AASB9.

Impairment of financial assets

AASB 9's new impairment model use more forward looking information to recognise expected credit losses - the 'expected credit losses (ECL) model'. The application of the new impairment model depends on whether there has been a significant increase in credit risk.

The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 December 2018

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:

	31/12/2018	31/12/2017
	\$	\$
Not later than 1 year		
WA-54-R	24,792	14,875
Later than 1 year but not later than 3 years		
WA-54-R	-	6,121,063
	<u>24,792</u>	<u>6,135,938</u>
	=====	=====

The Cornea Joint Venture has applied to the regulator to vary the conditions of the WA-54-R Retention Lease to move the production test well to the next term of the Lease. Estimated expenditure, arising from retention lease work programme which, may, subject to negotiation and approval, be varied. They may also be satisfied by farmout, sale, relinquishment or surrender.

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 2018.

NOTE 7 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31/12/2018	30/06/2018
	\$	\$
Investment in listed equities (Genex Limited)	25,991	-
	=====	=====

When adopting AASB 9, the Company has applied transitional relief and elected not to restate prior periods. Asset has been reclassified from available-for-sale to financial assets at fair value through other comprehensive income but there has been no other impact for the change in standards.

AASB 13 requires disclosure of fair value measurements by level of the fair value hierarchy, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 December 2018

NOTE 7 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Continued)

The company's financial assets measured and recognised at fair value at 31 December 2018 on a recurring basis are as follows:

31 December 2018	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Listed securities	25,991	-	-	25,991
Unlisted securities	-	-	-	-
Total	25,991	-	-	25,991

Measurement of fair value of financial instruments

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

a) Listed securities and money market funds

Fair values have been determined by reference to their quoted bid prices at the reporting date.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. The company did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 December 2018. The carrying amounts of cash and cash equivalents, current receivables and current payables are considered to be a reasonable approximation of their fair value.

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 2018, 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 2019

Independent Auditor's Review Report

To the Members of Enege Limited

Report on the review of 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 2018, 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 2018, 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*.

Emphasis of matter – Recoverability of Exploration and Evaluation Asset

We draw attention to Note 4 of the financial statements and the exploration and evaluation asset of \$189,353 relating to petroleum retention lease WA-54-R. We note the Joint Venture has applied to vary certain conditions of the petroleum retention lease. Whilst the Directors are involved in ongoing discussions with Authority in respect of these variations, the Authority has not currently agreed to make the requested variations. These circumstances give rise to uncertainty in respect to the recoverability of the carrying value of the exploration and evaluation asset. Our conclusion is not further modified in respect of this matter.

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.

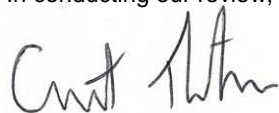
Auditor's responsibility

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 2018 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 Eneget Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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 2019