

ENEGEX Limited

ABN 28 160 818 986

HALF YEAR FINANCIAL REPORT

31 December 2019

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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

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

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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 consolidated results of the company and its wholly-owned subsidiaries (**controlled entities**) or (**the group**) for the half year ended 31 December 2019.

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 consolidated entity, being the company and its controlled entities recorded a consolidated net loss for the half year, after income tax, was \$83,571 (2018: \$52,234).

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 2019 and to the date of signing this report.

REVIEW OF OPERATIONS

Enegex has applications for two exploration licenses in the eastern margin of the Kimberley Basin of Western Australia (Figure 1), an area it has identified as offering prospectivity for Vanadium, Cobalt-Nickel, PGE and Fluorite mineralisation.

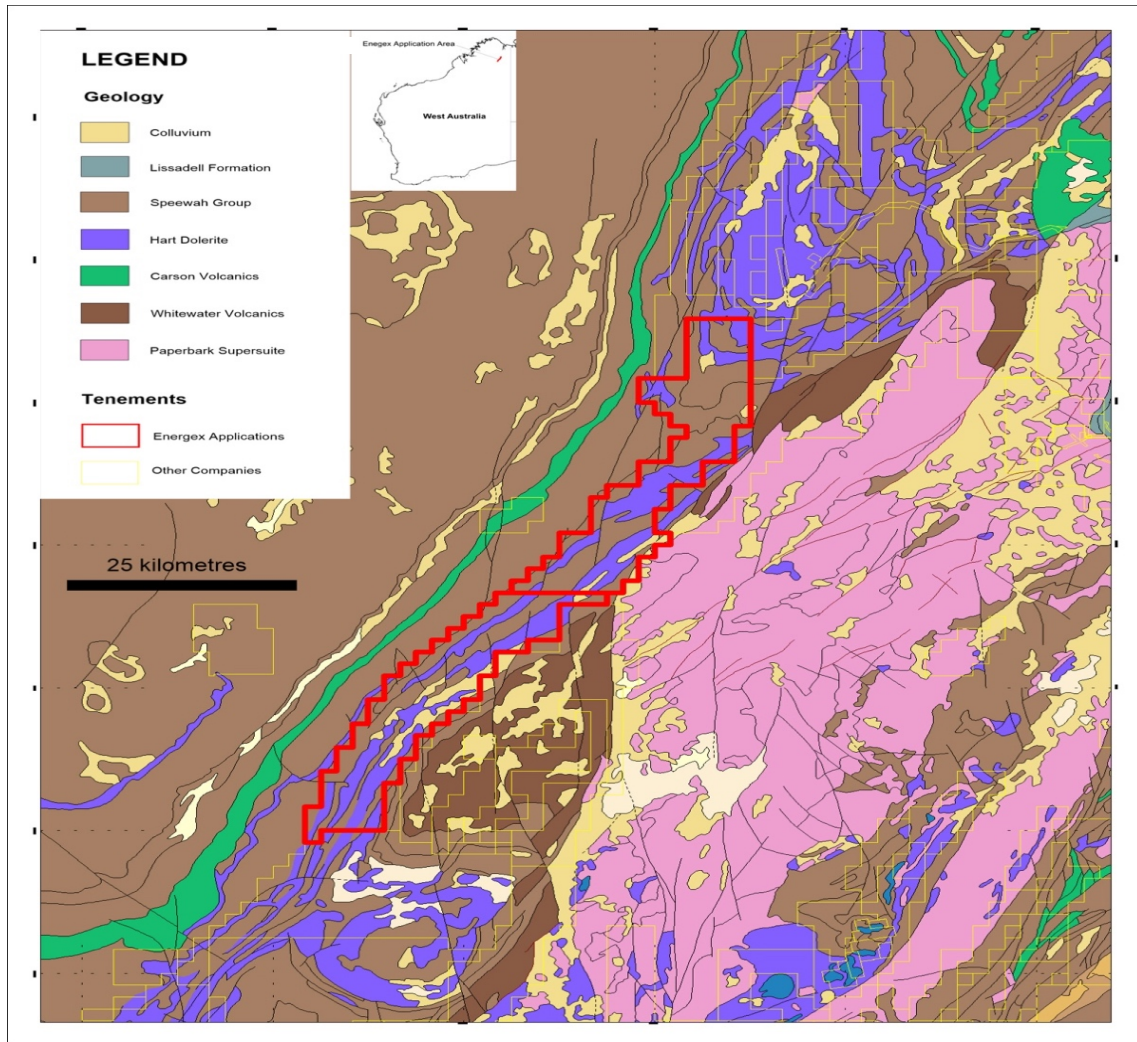


Figure 1 Eneget Application Areas shown on regional geology

The geology of the tenements has been mapped as “Hart Dolerite”, a regionally extensive Proterozoic sill complex which has historically not been considered prospective. The tenement areas have been the subject of only limited exploration, focused on gold and diamonds (Figure 2).

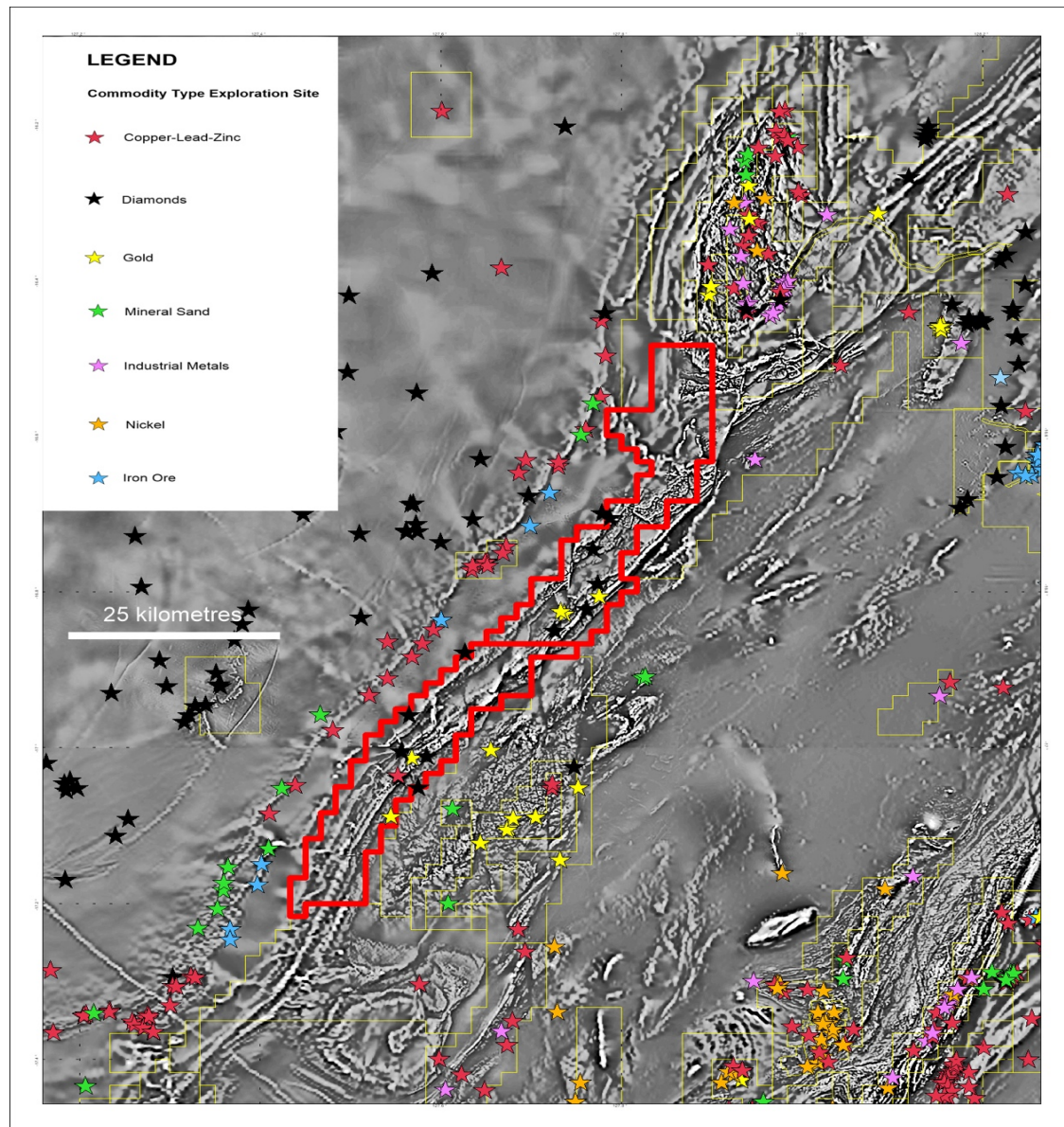


Figure 2: Historical Exploration in and around Enegex Application Areas shown on regional magnetics (reduced to pole first vertical derivative)

Enegex has identified recent advances in geological understanding that alter the prospectivity of the Hart Dolerite:

- Mapping and exploration of the Speerwah Dome, immediately to the north of the Enegex tenement areas, has identified that the Hart Dolerite comprises a layered intrusive suite of rocks (Intrusive Suite), and that the prospective part of the Intrusive Suite is the Disseminated Magnetite Gabbro which hosts the Speerwah Dome Vanadium Deposit (adjacent to the Enegex application area). Disseminated gold and copper also identified in the sulphides of the Intrusive Suite indicate potential for reef-type PGE mineralization in the upper, differentiated, magnetite-rich parts of the layered intrusion.

- Regolith sampling by Geological Survey WA (GSWA) has identified high cobalt and coincident high nickel anomalies in Hart Dolerite, indicating prospective fertile host rocks for these minerals within the Suite.
- A later epithermal event has been identified in the Hart Dolerite in the Speewah area with carbonate and epithermal fluorite overprinting the dolerite. Fluoride is currently being investigated as a potential replacement for lithium batteries.

The limited historical exploration in the Enegex application areas has not determined which units of the Intrusive Suite are exposed. Thus, following grant of exploration licenses, Enegex intends to conduct exploration activities to determine the presence or otherwise of prospective units within the tenement area.

Other Mineral Resources Opportunities

Enegex is open to other natural resource opportunities and continues to evaluate opportunities to generate shareholder value including in the areas of:

- The exploration for a range of strategic energy, transmission and storage minerals
- Energy storage technologies
- Alternative and renewable energy sources
- Natural gas for domestic consumption
- The exploration for precious metals

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 15.

Signed in accordance with a resolution of the directors



RL Clark
Director

Melbourne, 13 March 2020

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, 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 as at 31 December 2019 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, 13 March 2020

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

	CONSOLIDATED	
	31/12/2019	31/12/2018
	\$	\$
Interest income	288	2,093
Audit	(8,637)	(7,650)
Consulting	(1,300)	(125)
Legal expenses	(2,459)	-
Office costs	(34,413)	(11,368)
Other expenses	(18,707)	(16,952)
Share registry	(2,524)	(2,552)
Stock exchange	(15,819)	(15,680)
Loss before income tax benefit	<u>(83,571)</u>	<u>(52,234)</u>
Income tax benefit	-	-
Net Loss for the half year	<u>(83,571)</u>	<u>(52,234)</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	(2,888)	(1,926)
Total comprehensive income for the half year	<u>(86,459)</u>	<u>(54,160)</u>
Basic loss per share (cents per share)	(0.104)	(0.065)
Diluted loss per share (cents per share)	(0.104)	(0.065)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2019

		CONSOLIDATED	
	Note	31/12/2019	30/6/2019
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		77,691	139,914
Trade and other receivables		2,388	2,809
Prepayments		30,056	30,056
TOTAL CURRENT ASSETS		<u>110,135</u>	<u>172,779</u>
NON-CURRENT ASSETS			
Financial assets at fair value through other comprehensive income	6	21,660	24,548
TOTAL NON-CURRENT ASSETS		<u>21,660</u>	<u>24,548</u>
TOTAL ASSETS		<u>131,795</u>	<u>197,327</u>
CURRENT LIABILITIES			
Trade and other payables		59,804	38,877
TOTAL CURRENT LIABILITIES		<u>59,804</u>	<u>38,877</u>
TOTAL LIABILITIES		<u>59,804</u>	<u>38,877</u>
NET ASSETS		<u>71,991</u>	<u>158,450</u>
EQUITY			
Issued capital		1,366,891	1,366,891
Reserves		526	3,414
Accumulated losses		(1,295,426)	(1,211,855)
TOTAL EQUITY		<u>71,991</u>	<u>158,450</u>

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Issued capital	Accumul'd losses	Financial assets at fair value through other comprehensive income	Total Equity
	\$	\$	\$	\$
CONSOLIDATED				
At 1 July 2019	1,366,891	(1,211,855)	3,414	158,450
Loss for the half year	-	(83,571)	-	(83,571)
Revaluation of financial asset (net of tax)	-	-	(2,888)	(2,888)
Total comprehensive income for the half year	-	(83,571)	(2,888)	(86,459)
At 31 December 2019	1,366,891	(1,295,426)	526	71,991

	Issued capital	Accumul'd losses	Financial assets at fair value through other comprehensive income	Total Equity
CONSOLIDATED				
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

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	CONSOLIDATED	
	31/12/2019	31/12/2018
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers - other	(62,876)	(60,404)
Interest received	653	2,226
Net cash outflow from operating activities	<u>(62,223)</u>	<u>(58,178)</u>
INVESTING ACTIVITIES		
Payments to suppliers - exploration	-	(4,104)
Cash outflow from investing activities	<u>-</u>	<u>(4,104)</u>
Net decrease in cash assets	(62,223)	(62,282)
Cash assets at the beginning of the half year	139,914	287,052
Cash assets at the end of the half year	<u>77,691</u>	<u>224,770</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 2019**

NOTE 1 CORPORATE INFORMATION

Enegex Limited (“Enegex” or “the company” or “the group”) 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 2019 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 2019.

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 2019, 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.

Going concern

For the half year ended 31 December 2019 the group incurred a net cash outflow from operating and investing activities of \$62,223 (2018: \$62,282) and a net loss after tax of \$83,571 (2018: \$52,234). As at 31 December 2019, the Group has working capital of \$50,331 (30 June 2019: working capital \$133,902).

The financial report has been prepared on a going concern basis. Directors expect that the group will be able to successfully raise sufficient funding to enable it to continue as a going concern for at least 12 months from the signing of the half-year financial report.

The group 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 group’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 group’s programs.

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

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

The group has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 ‘Leases’ and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the consolidated statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation

charge of the right-of use assets and an interest expense on the recognised leases liabilities. The group has no active leases at 31 December 2019, therefore as a result, the adoption of the standard had no impact.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

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 assets 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 EVENTS SUBSEQUENT TO BALANCE DATE

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

NOTE 5 EQUITY SECURITIES ISSUED

There were no shares or options issued for the half year ended 31 December 2019.

NOTE 6 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	CONSOLIDATED	
	31/12/2019	30/06/2019
	\$	\$
Investment in listed equities (Genex Limited)	21,660	24,548
	=====	=====

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 2019

NOTE 6 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Continued)

The company's financial assets measured and recognised at fair value at 31 December 2019 on a recurring basis are as follows:

31 December 2019	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Listed securities	21,660	-	-	21,660
Unlisted securities	-	-	-	-
Total	21,660	-	-	21,660

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 2019. 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 Enege Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Enege Limited for the half-year ended 31 December 2019, 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, 13 March 2020

ACN-130 913 594

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Independent Auditor's Report

To the Members of Eneget Limited

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Eneget Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated 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 Eneget Limited does not give a true and fair view of the financial position of the Group as at 31 December 2019, 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*.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss of \$83,571 and a net cash outflow from operating and investing activities of \$62,223 during the half year ended 31 December 2019 and, as of that date, the Group's current assets exceeded its current liabilities by \$50,331. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half year financial report

The Directors of the Group 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 Group's financial position as at 31 December 2019 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 13 March 2020