



**ENEGEX N.L.**

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## QUARTERLY ACTIVITY REPORT

**30 SEPTEMBER 2014**

EneGex NL (**ASX Code: ENX**) holds working interests in two petroleum exploration permits and a petroleum retention lease in the offshore basins of Australia. One of the exploration permits is located in the Carnarvon Basin (WA-409-P) and the other in the Gippsland Basin (Vic/P47). The petroleum retention lease is located in the Browse Basin (WA-54-R). Details of these permits and the work activities undertaken in each during the quarter are provided below.

### OPERATIONAL MATTERS

#### WA-54-R – Cornea Retention Lease

The Cornea Joint Venture consists of the following interests:

EneGex NL	14.875%
Octanex Group. ( <b>ASX Code: OXX</b> )	18.750%
Others	66.375%

The WA-54-R Retention Lease (**Lease**) was formally granted for an initial 5-year term on 6 May 2014.

The Lease is located in the Caswell Sub-basin of the Browse Basin, offshore from Western Australia, and covers an area of approximately 497 km<sup>2</sup>. The Lease covers six graticular blocks located within the WA-342-P permit and incorporates the Cornea oil and gas accumulations (**Greater Cornea Fields**). The Greater Cornea Fields include the Cornea (Central and South), Focus and Sparkle Oil Fields and the Cornea North (Tear) Gas Field – see the Figure 2 Cornea Retention Lease Location Map.

Following the grant of the Lease, the remaining area of WA-342-P outside the Lease was relinquished.

#### Work Programme designed to achieve early commercial production

The Greater Cornea Fields are seen as an economic value opportunity and the path to early development is to overcome the technical challenges to unlock that value as quickly as possible. The work programme calls for extensive engineering and complementary studies in the first three years. In the main, the studies are a lead up to drilling of a production test well in Year 4.

The studies have been structured to overcome the technical challenges likely to be faced in bringing the Greater Cornea Fields into commercial production. The oil and gas volumes in the Greater Cornea Fields are such that, if threshold production flow rates can be demonstrated, the economics should be immediately attractive and provide a reasonable expectation of commercial development.

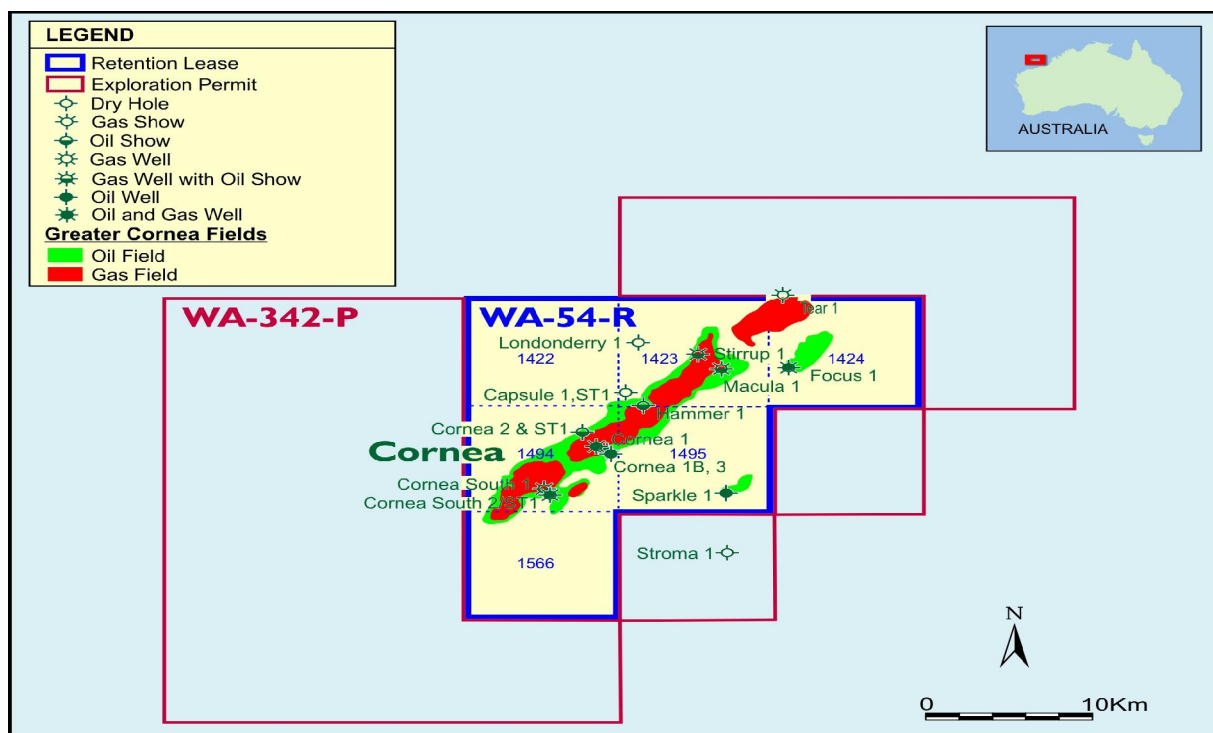


Figure 2: Cornea Retention Lease and WA-342-P Location Map

#### Details of Contingent Oil Resources

Table 1 below presents the probabilistically derived *In-place* and *Contingent Oil Resources* for the *Cornea Central and South Oil Fields*, with no development risk having been applied in deriving these volumes.

	Low Estimate	Best Estimate	High Estimate	
Middle Albian B & C Sands	(P90)	(P50)	(P10)	Units
Total Oil In-place	298.0	411.7	567.2	mmbbl
Recovery Factor (RF)	2	7	25	%
Contingent Oil Resources	7.9	28.8	101.9	mmbbl
Prospective Enegex Economic Interest*	1.16	4.28	15.16	mmbbl

\* Based on Enegex's 14.875% Participating Interest in WA-54-R.

Table 1: *In-place* and *Contingent Oil Resources* for *Cornea Central and South Fields*

#### Vic/P47 – Gippsland Basin

The Vic/P47 Joint Venture consisted of the following parties:

Sequest Petroleum Pty Ltd	40.00% and Operator
Moby Oil & Gas Limited	15.75%
Enegex NL*	19.25%
Oil Basins Limited ("OBL")	25.00%

\* subject to approval and registration by NOPTA

The Vic/P47 permit is located in the offshore Gippsland Basin, 14 km from the coast and south of the Victorian town of Orbost with water depths ranging up to 80 metres – refer to the *Vic/P47 Location Map* (Figure 4).

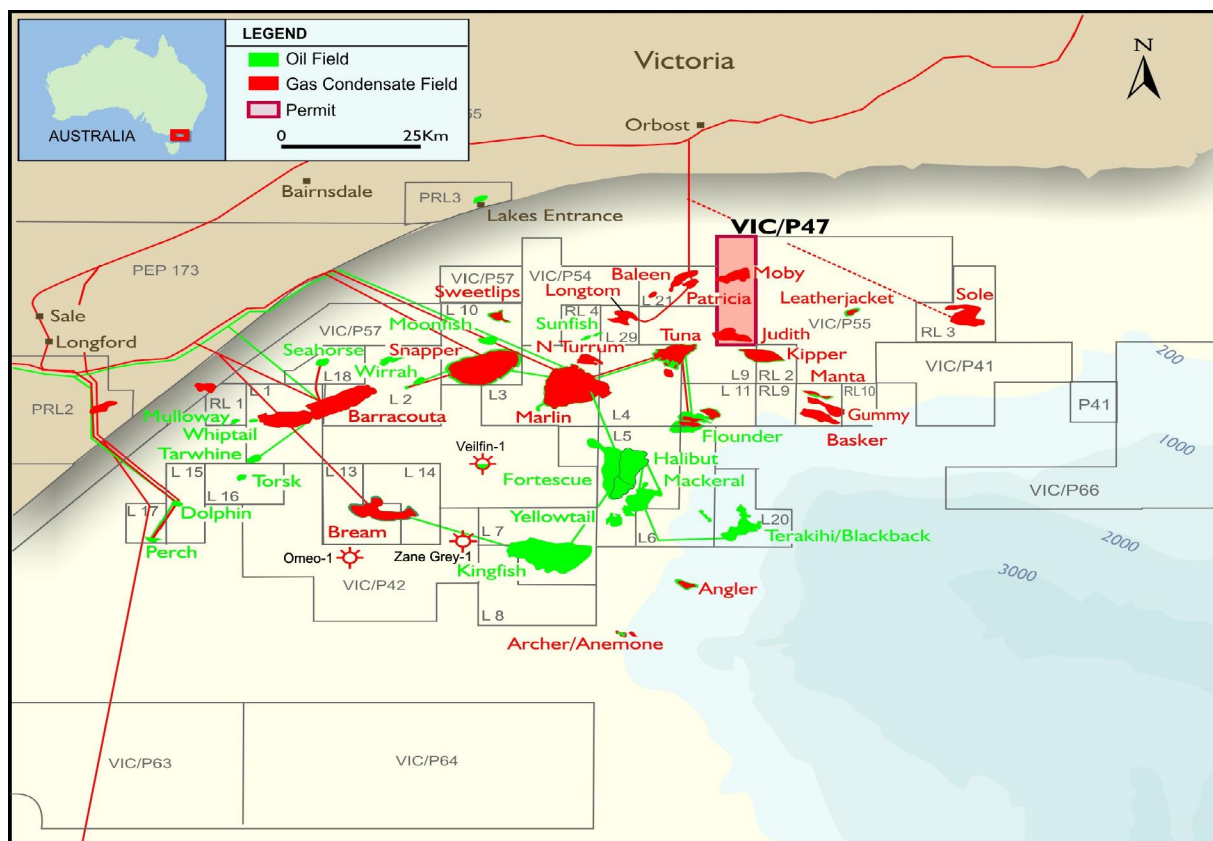


Figure 4: *Vic/P47 Permit Location Map*

The permit is in Year 4 of the first 5-year renewed term, where the work commitments are to carry out a reappraisal of the Judith gas resource and conceptual field development and well design studies. Year 4 ends 15 November 2014. Subsequent to the end of the quarter application was made to NOPTA for the Year 5 work programme to include reprocessing of existing 3D seismic over the Judith gas field and further inversion studies to help obtain a better understanding of the Judith field, with a view to delineation of a future drilling target.

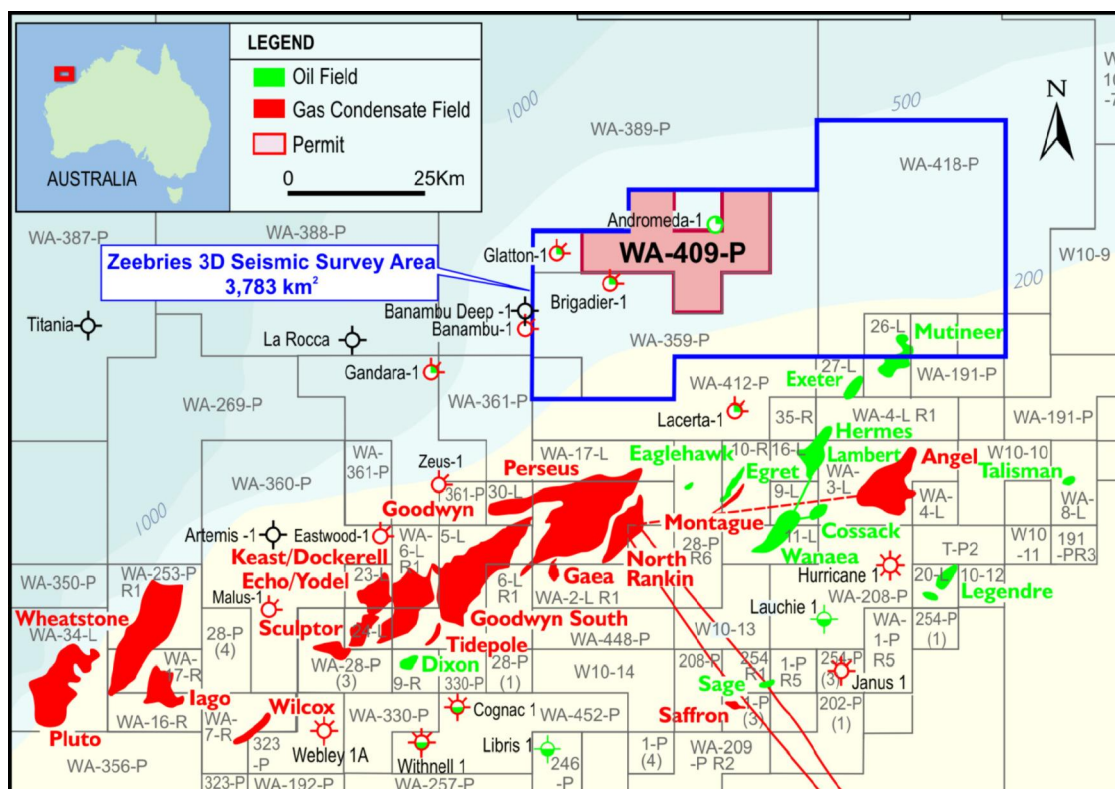
#### WA-409-P – Carnarvon Basin

The WA-409-P Joint Venture consists of the following parties:

Apache Northwest Pty Ltd	40.00% and Operator
Rankin Trend Pty Ltd (subsidiary of Moby Oil & Gas Limited)	13.50%
Energex NL *	16.50%
Cue Exploration Pty Ltd	30.00%

\* subject to approval and registration by the National Offshore Petroleum Titles Administrator (NOPTA)

The WA-409-P permit is displayed in the Carnarvon Basin Permit Location Map below.



**Figure 1: Carnarvon Basin Permit Location and Zeebries 3D Seismic Survey Map**

On 23 September 2014, Apache gave the participants in the Joint Venture notice in accordance with the WA-409-P Joint Venture Operating Agreement (JVOA) of its decision to withdraw from WA-409-P and the JVOA with effect from the last day of the current permit year. At present the current permit year ends on 29 January 2015 but the Joint Venture has applied for an extension of the current permit year for a further 3 months. If the extension is granted, the current permit year will expire on 29 April 2015. Apache has also given notice that it resigns as operator under the JVOA. If the Permit is renewed, as a condition of prior variations, it must be renewed with an exploration well forming part of the committed work programme for the primary term of the renewed permit. It is unlikely that this well commitment would be able to be varied out of the primary term of any renewal. For this to occur NOPTA would require a substantial work program in substitution for such a well. After further consideration, and given the likely cost of a substitute work program, the Board of EnegeX has decided that it should, like Apache, withdraw from the Permit.

**By Order of the Board**

**R J Wright**  
Company Secretary

Melbourne, Australia  
31 October 2014

# Appendix 5B

## Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10, 17/12/1, 01/05/2013.

Name of entity

**ENEGEX NL**

ABN

28 160 818 986

Quarter ended ("current quarter")

30 September 2014

### Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (3 months) \$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(5)	(5)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	1	1
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other		
<b>Net Operating Cash Flows</b>		(76)	(76)
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets		
1.9	Proceeds from sale of: (a)prospects (b)equity investments (c)other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material) –		
<b>Net investing cash flows</b>			
1.13	Total operating and investing cash flows (carried forward)	(76)	(76)

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity and oil and gas exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(76)	(76)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Share issue costs		
	<b>Net financing cash flows</b>		
	<b>Net decrease in cash held</b>	(76)	(76)
1.20	Cash at beginning of quarter/year to date	757	757
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	681	681

**Payments to directors of the entity and associates of the directors, related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	18
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	20
4.2 Development	
4.3 Production	
4.4 Administration	50
<b>Total</b>	<b>70</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	81	757
5.2 Deposits at call	600	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>681</b>	<b>757</b>

### Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed		See Activity Report Section		

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity and oil and gas exploration entity quarterly report**

6.2	Interests in mining tenements and petroleum acquired or increased		See Activity Report Section		
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**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference + securities</b> <i>(description)</i>				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	<b>+Ordinary securities</b>	53,666,491	53,666,491		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	<b>+Convertible debt securities</b> <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> <i>(description and conversion factor)</i>	7,357,105	7,357,105	<i>Exercise price</i> 10 cents	<i>Expiry date</i> 30/06/2015
7.8	Issued during quarter				
7.9	Exercised during quarter				

+ See chapter 19 for defined terms.



7.10	Expired during quarter	-	-		
7.11	<b>Debentures</b> (totals only)				
7.12	<b>Unsecured notes</b> (totals only)				

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: .....  
(Company Secretary)

Date: 31/10/2014

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 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.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.