

ENEGEX NL

ABN 28 160 818 986

HALF YEAR FINANCIAL REPORT

31 DECEMBER 2015

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CORPORATE DIRECTORY

BOARD OF DIRECTORS

G.A. Menzies (Chairman)
E.G. Albers
R.L. Clark

COMPANY SECRETARY

R.J. Wright

Registered Office and Principal Administration Office

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Facsimile: +61 (0)3 8610 4799
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Website: www.enegex.com.au

Auditor

Grant Thornton Audit Pty Ltd
Level 30, 525 Collins Street
Melbourne, Victoria 3000

Share Registry

Link Market Service Limited
Level 1, 333 Collins Street,
Melbourne, Victoria 3000, Australia
Telephone: +61 (0)3 9615 9947
Facsimile: +61 (0)3 9633 8495
Website: www.linkmarketservices.com.au

Stock Exchange Listing

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

ASX Code:

ENX Ordinary Shares

CURRENCY

The company's functional and presentation currency is Australian Dollars.

FORWARD LOOKING STATEMENTS

This report includes certain forward-looking statements that have been based on current expectations about future acts, events and circumstances. These forward-looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward-looking statements.

These factors include, among other things, commercial and other risks associated with the meeting of objectives and other investment considerations, as well as other matters not yet known to the company or not currently considered material by the company.

Incorporated in the State of Victoria

17 October 2012

DIRECTORS' REPORT

The directors of Enegex NL (**Enegex or the company**) submit their report on the results of the company for the half year ended 31 December 2015.

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

Graeme Menzies – *Non- Executive Chairman*
Geoffrey Albers – *Non-Executive Director (appointed 1 October 2015)*
Raewyn Clark – *Non-Executive Director (appointed 12 October 2015)*

Brett Maltz and Robert Coppin resigned as directors during the half year ended 31 December 2015.

Directors have resolved that no directors' fees will be paid to any of the directors in the 2015-2016 financial year.

FINANCIAL RESULTS FOR THE HALF YEAR

The net loss for the half year, after income tax, was \$49,318 (2014: \$159,612).

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 2015 and to the date of signing this report.

REVIEW OF OPERATIONS

The company holds a working interest in a retention lease over the Greater Cornea Fields offshore Western Australia; located in the Browse Basin (WA-54-R).

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

The Cornea Joint Venture consists of the following interests:

Enegex NL	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.

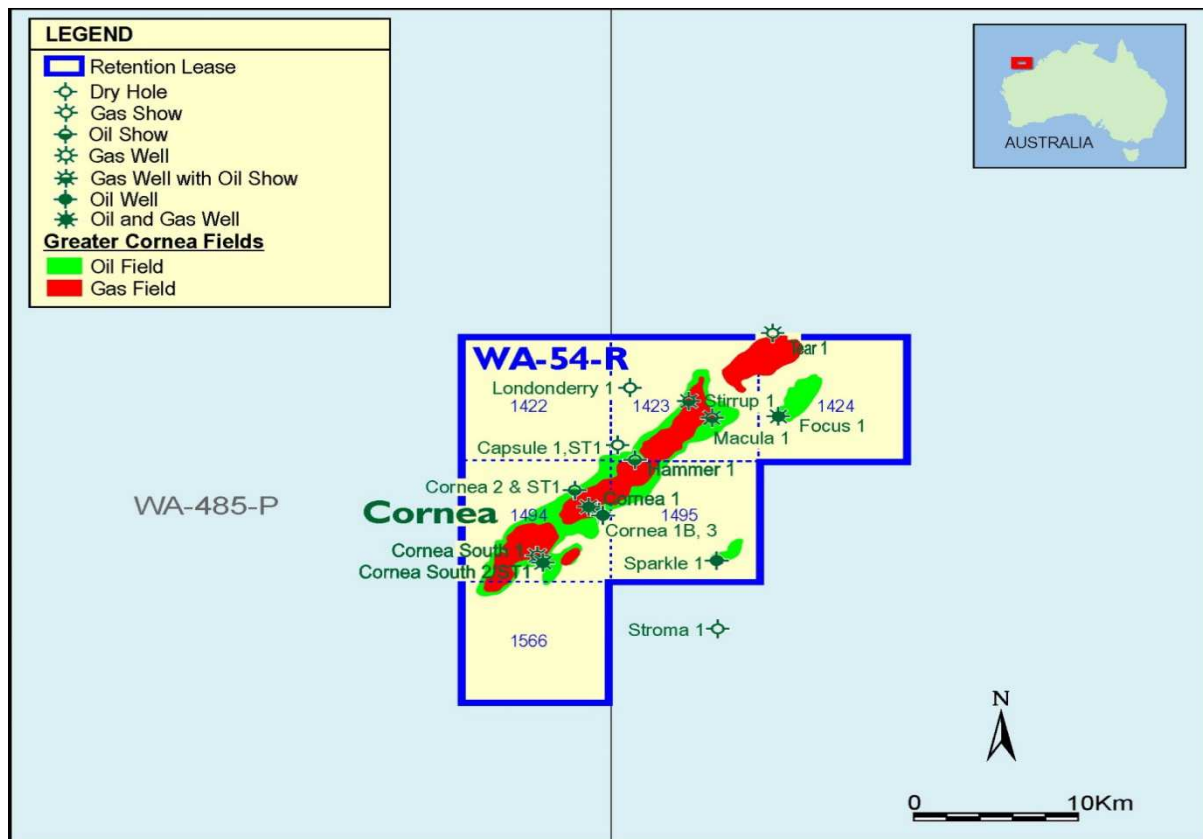


Figure 1 Greater Cornea Field Retention Lease Location Map

Cornea is perhaps Australia's largest undeveloped oil field. The oil volumes in the Greater Cornea Fields are such that, if threshold production flow rates can be demonstrated, but dependent on oil price, the economics should be attractive and provide a reasonable expectation of commercial development. (Refer Table 1).

	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 Enege Economic Interest*	1.16	4.28	15.16	mmbbl

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

Table 1 Probabilistic In-place and Contingent Oil Resources for Cornea Central and South Fields (no development risk applied)

Work Program

The work program is aimed at overcoming technical challenges likely to be faced in bringing the Greater Cornea Fields into commercial production.

Initial field design studies have been undertaken with the following design objectives:

- Keep infrastructure simple and highly cost effective
- Minimize capital investment until economics and production capacity proven
- Scalability for progressive development.

Possible Development Options

Three preferred development options are the subject of continuing field development studies:

Option	Name	Comment
1	MOPU + FSO	Offers reduced capital investment and is relocatable
2	MOPU + FPSO	Offers reduced capital investment and is relocatable
3	MODPU + FSO	Offers reduced capital investment and is relocatable, also offers reduced drilling costs through ability to drill and produce from same facility. Supports staged development

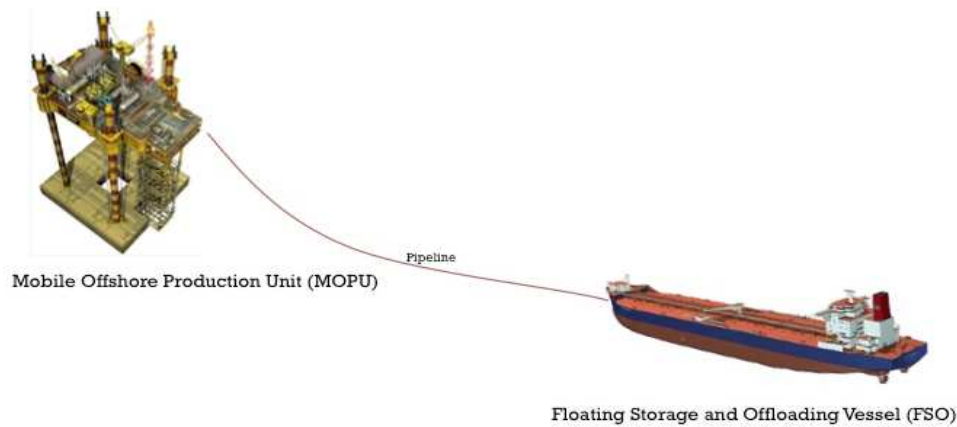


Figure 2 Option 1 MOPU & FSO

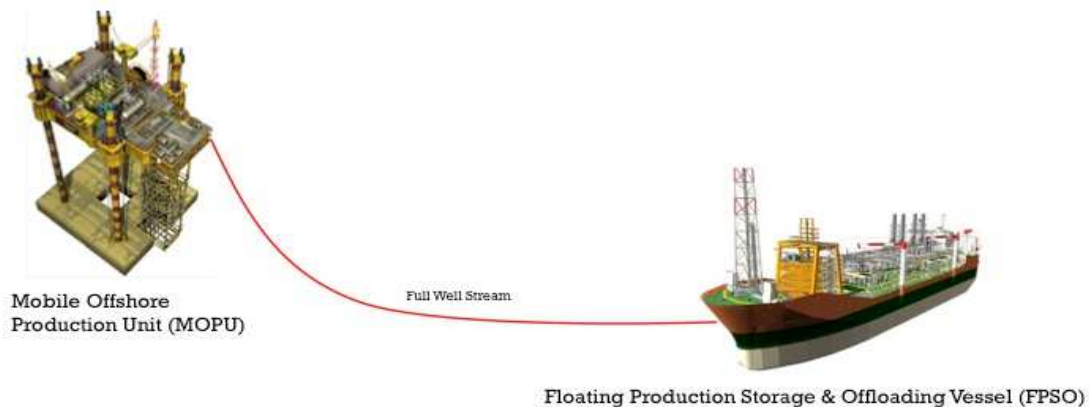


Figure 3 Option 2 MOPU & FPSO

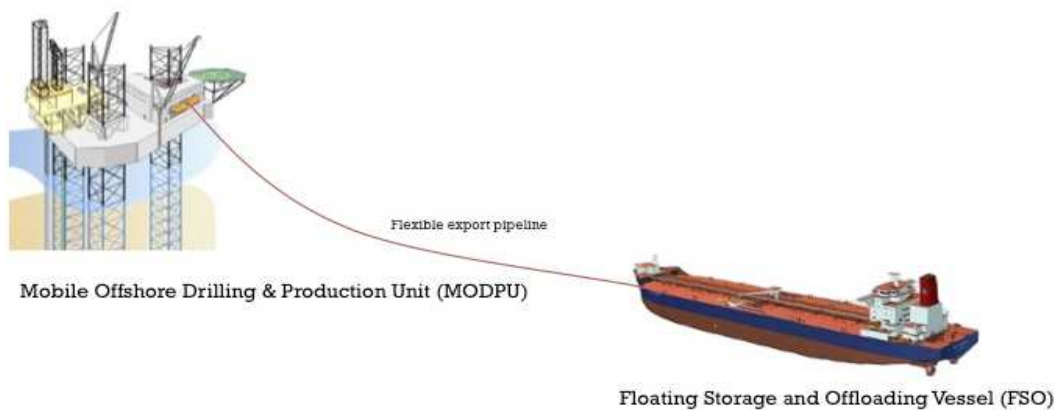


Figure 4 Option 3 MODPU & FSO – MODPU diagram is the Hydra Honeybee Production System, image courtesy of Hydra Energy Pty Ltd

Current Activities

Current activities include continuing field development studies, economic studies (including oil price sensitivity) and assessment of technology, hardware and infrastructure.

In addition to maintaining fiscal discipline and progressing the Retention Lease work program, Enegex remains interested in developing potential alliances for the development of Cornea.

Enegex continues to be open to opportunities that may present.

SUBSEQUENT EVENTS

On 26 February 2016 the Company announced that it plans to raise \$335,000 in new equity funding, before costs, through a non renounceable rights issue. The entitlement offer is proposed to be for the acquisition of 1 Enegex share for every 2 shares held at a price of \$0.012 per share. The entitlement offer is proposed to be fully underwritten.

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



GA Menzies
Director

Melbourne, 10 March 2016

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Enegex NL, 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 2015 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.



GA Menzies
Director
Melbourne, 10 March 2016

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	NOTE	31/12/2015	31/12/2014
		\$	\$
Interest income		4,764	9,751
Audit		(7,660)	(10,000)
Consulting		(2,250)	(22,553)
Directors' remuneration	7	-	(49,275)
Exploration costs written off		-	(39,377)
Management fees		-	16,000
Office costs		(12,579)	(23,058)
Other expenses		(9,686)	(13,558)
Printing		-	(6,607)
Share registry		(7,445)	(8,366)
Stock exchange		(14,462)	(12,569)
Loss before income tax benefit		<u>(49,318)</u>	<u>(159,612)</u>
Income tax benefit		-	-
Net Loss for the half year		<u>(49,318)</u>	<u>(159,612)</u>
Total comprehensive income for the half year		<u>(49,318)</u>	<u>(159,612)</u>
Basic loss per share (cents per share)		(0.092)	(0.297)
Diluted loss per share (cents per share)		(0.092)	(0.297)

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 2015

	31/12/2015	30/6/2015
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	363,038	467,153
Trade and other receivables	4,267	6,227
TOTAL CURRENT ASSETS	<u>367,305</u>	<u>473,380</u>
NON-CURRENT ASSETS		
Exploration and evaluation assets	73,882	66,633
TOTAL NON-CURRENT ASSETS	<u>73,882</u>	<u>66,633</u>
TOTAL ASSETS	<u>441,187</u>	<u>540,013</u>
CURRENT LIABILITIES		
Trade and other payables	27,584	77,092
TOTAL CURRENT LIABILITIES	<u>27,584</u>	<u>77,092</u>
TOTAL LIABILITIES	<u>27,584</u>	<u>77,092</u>
NET ASSETS	<u>413,603</u>	<u>462,921</u>
EQUITY		
Issued capital	1,096,907	1,096,907
Accumulated losses	(683,304)	(633,986)
TOTAL EQUITY	<u>413,603</u>	<u>462,921</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 2015

	Issued capital \$	Accumul'd losses \$	Total Equity \$
At 1 July 2015	1,096,907	(633,986)	462,921
Total comprehensive income for the half year			
Loss for the half year		(49,318)	(49,318)
At 31 December 2015	<u>1,096,907</u>	<u>(683,304)</u>	<u>413,603</u>
At 1 July 2014	1,096,907	(373,165)	723,742
Total comprehensive income for the half year			
Loss for the half year		(159,612)	(159,612)
At 31 December 2014	<u>1,096,907</u>	<u>(532,777)</u>	<u>564,130</u>

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 2015

	31/12/2015	31/12/2014
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers - other	(102,112)	(159,303)
Interest received	5,246	910
Net cash outflow from operating activities	<u>(96,866)</u>	<u>(158,393)</u>
INVESTING ACTIVITIES		
Payments to suppliers - exploration	(7,249)	(25,477)
Cash outflow from investing activities	<u>(7,249)</u>	<u>(25,477)</u>
Net decrease in cash assets	(104,115)	(183,870)
Cash assets at the beginning of the half year	467,153	756,812
Cash assets at the end of the half year	<u>363,038</u>	<u>572,942</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 2015

NOTE 1 CORPORATE INFORMATION

Enegex NL (“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 2015 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 NL for the year ended 30 June 2015.

It is also recommended that the half year financial report be considered together with any public announcements made by Enegex NL during the six months ended 31 December 2015, 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 2015 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 2015 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 2015

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:

	31/12/2015	31/12/2014
	\$	\$
Not later than 1 year		
WA-54-R	92,349	23,313
Later than 1 year but not later than 3 years		
WA-54-R	5,996,484*	193,375
	<u>6,088,833</u>	<u>216,688</u>
	=====	=====

* Includes well commitment presently due 2018

NOTE 5 EVENTS SUBSEQUENT TO BALANCE DATE

On 26 February 2016 the Company announced that it plans to raise \$335,000 in new equity funding, before costs, through a non renounceable rights issue. The entitlement offer is proposed to be for the acquisition of 1 Enegex share for every 2 shares held at a price of \$0.012 per share. The entitlement offer is proposed to be fully underwritten.

NOTE 6 EQUITY SECURITIES ISSUED

There were no shares or options issued for the half year ended 31 December 2015.

NOTE 7 DIRECTORS' REMUNERATION

Directors have resolved that no directors' fees will be paid to any of the directors in the 2015-2016 financial year.

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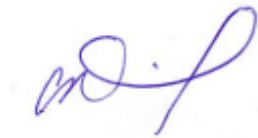
**Auditor's Independence Declaration
To The Directors of ENEGEX N.L.**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of ENEGEX N.L. for the half-year ended 31 December 2015, 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



Adrian Nathanielsz
Partner - Audit & Assurance

Melbourne, 10 March 2016

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Independent Auditor's Review Report To the Members of Enege N.L.

We have reviewed the accompanying half-year financial report of Enege N.L. ("Company"), which comprises the statement of financial position as at 31 December 2015, 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, notes comprising a statement of accounting policies, other explanatory information and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of Enege N.L. 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 controls as the directors determine is necessary to enable the preparation of the half-year financial report that 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 the 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 Enege N.L.'s financial position as at 31 December 2015 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 N.L., 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 complied with the independence requirements of the Corporations Act 2001.

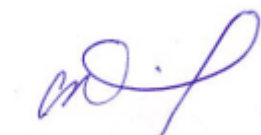
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of EnegeX N.L. is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the Company's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Adrian Nathanielsz
Partner - Audit & Assurance

Melbourne, 10 March 2016