

ASX Release

22 October 2014

Ground Floor
16 Ord Street
West Perth WA 6005
PO BOX 902
West Perth WA 6872

P + 61 8 9482 0555
F + 61 8 9482 0505
E admin@eneabbagas.com.au
W www.eneabbagas.com.au

Contact:

Morgan Barron

Director
E mbarron@eneabbagas.com.au

Brett Tucker

Company Secretary
E btucker@eneabbagas.com.au

Directors:

Thomas Goh – Director
Greg Allen - Director
Morgan Barron - Director

Issued Capital:

160,418,038 Ordinary Shares (ENB)

ASX Code:

ENB (Fully Paid Ordinary Shares)

Cash as at 30 Sept 2014 -

\$1.75M



ENEABBA GAS LIMITED

ABN 69 107 385 884

ENB TO ACQUIRE PROSPECTIVE PERTH BASIN GAS PROJECT – OCEAN HILL BLOCK

Highlights:

- ENB to acquire Ocean Hill Gas Project from Green Rock Energy Limited (ASX: GRK) to build upon existing Perth basin energy assets
- 360 BCF Contingent 2C Gas Resource (independently evaluated)
- ENB to undertake fully underwritten Entitlements Issue to raise ~\$1.25m with Cygnet Capital

Eneabba Gas Limited (“Eneabba”, “ENB” or “the Company”) is pleased to advise that it has executed an agreement with Green Rock Energy Limited (“Green Rock”) (ASX: GRK) to acquire 100% of the Ocean Hill Block Application (STP EPA 0090, formerly designated Bid Area L12-7), located in the North Perth Basin (Figure 1), Western Australia (“Ocean Hill Block”).

The Ocean Hill Block acquisition by ENB is intended to complement Eneabba’s existing Mid-West energy projects and establish Eneabba as a gas explorer in the prospective Perth Basin.

Ocean Hill Block

The Ocean Hill application and Oil and Gas rights (STP EPA 0090, formerly Bid Area L12-7) comprises 297 km² and is located in the North Perth Basin, about 225 km north of Perth and 90 km southeast of Dongara and the Eneabba Centauri-1 Power station site (Figure 1).

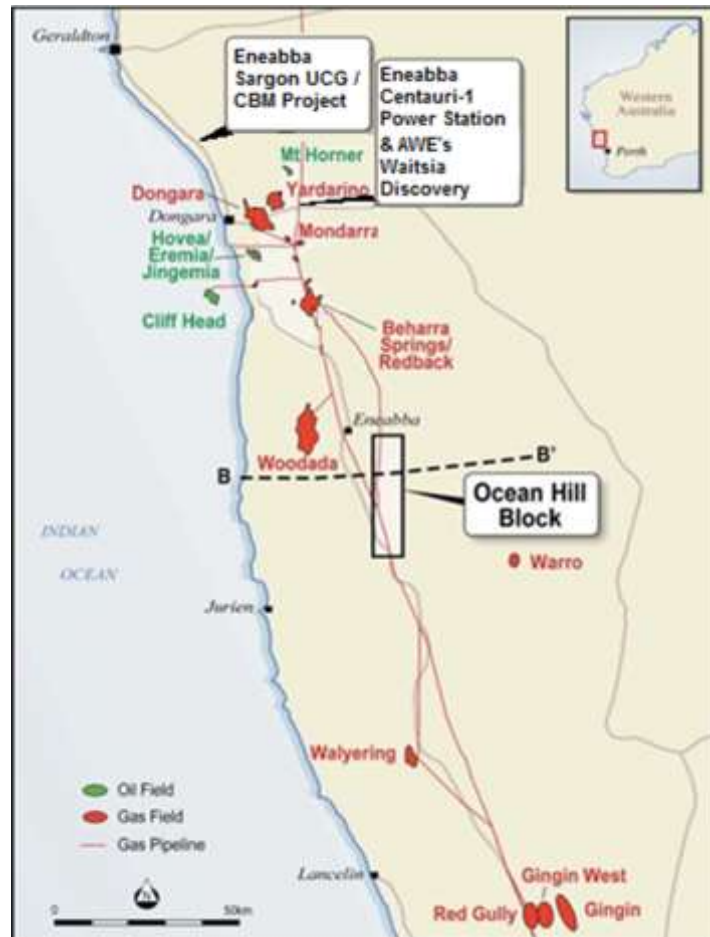


Figure 1 - Location of the Ocean Hill Block

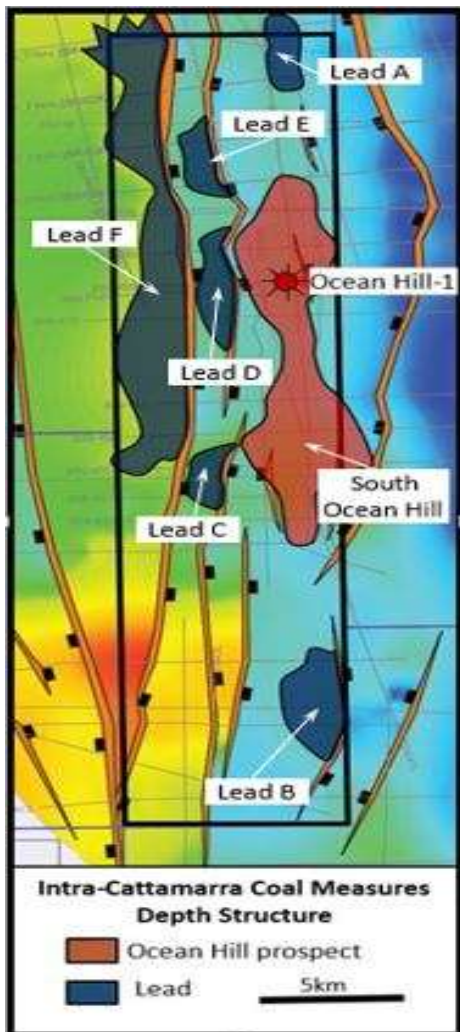


Figure 2 – Ocean Hill Block Prospects and Leads

Green Rock is currently the preferred applicant for the Ocean Hill Block. The area will be converted to an Exploration Permit once Native Title negotiations have been concluded. These negotiations are currently being finalised and should be completed imminently. The exploration permit is expected to be granted in the coming three to four months.

The Dampier to Bunbury Pipeline runs directly through the Ocean Hill block and a compressor station is located 6.5 km from the Ocean Hill-1 location, providing excellent infrastructure access and a substantial benefit for the project economics.

Ocean Hill Block

The block area contains a large faulted four-way dip closure that was tested by drilling of the Ocean Hill-1 well in 1991. The well reached a total depth of 3,840m in the Jurassic Cattamarra Coal Measures before being suspended as an uneconomic gas discovery. Good gas shows were encountered in the Jurassic Cadda Formation and Cattamarra Coal Measures over the entire interval of over 800m from about 3,000m to total depth, and analysis of the electric logs indicated over 100m of net gas pay within multiple sands through the zone. An open hole drill stem test flowed gas rate of 0.7MMscf/d from the interval 3,063-3130mKB in the Cadda Formation with associated liquids of 15-23 bbl/MMcf.

Eneabba believes that Ocean Hill can be commercialised through the application of modern advances in 3D seismic, directional drilling technology and completion techniques and notes that gas prices are significantly higher than when the Ocean Hill-1 well was originally drilled.

The Ocean Hill discovery is similar geologically to the Gingin gas field and Red Gully Gas Project, where Empire Oil & Gas commenced production in late 2013.

Mapping of the available 2D seismic data by Green Rock indicates the presence of a substantial closure associated with the Ocean Hill-1 location and a number of additional prospects and leads have been identified (refer to Figure 2).

Historical seismic data at Ocean Hill was shot between 1961 and 1996, with the majority being acquired in 1989.

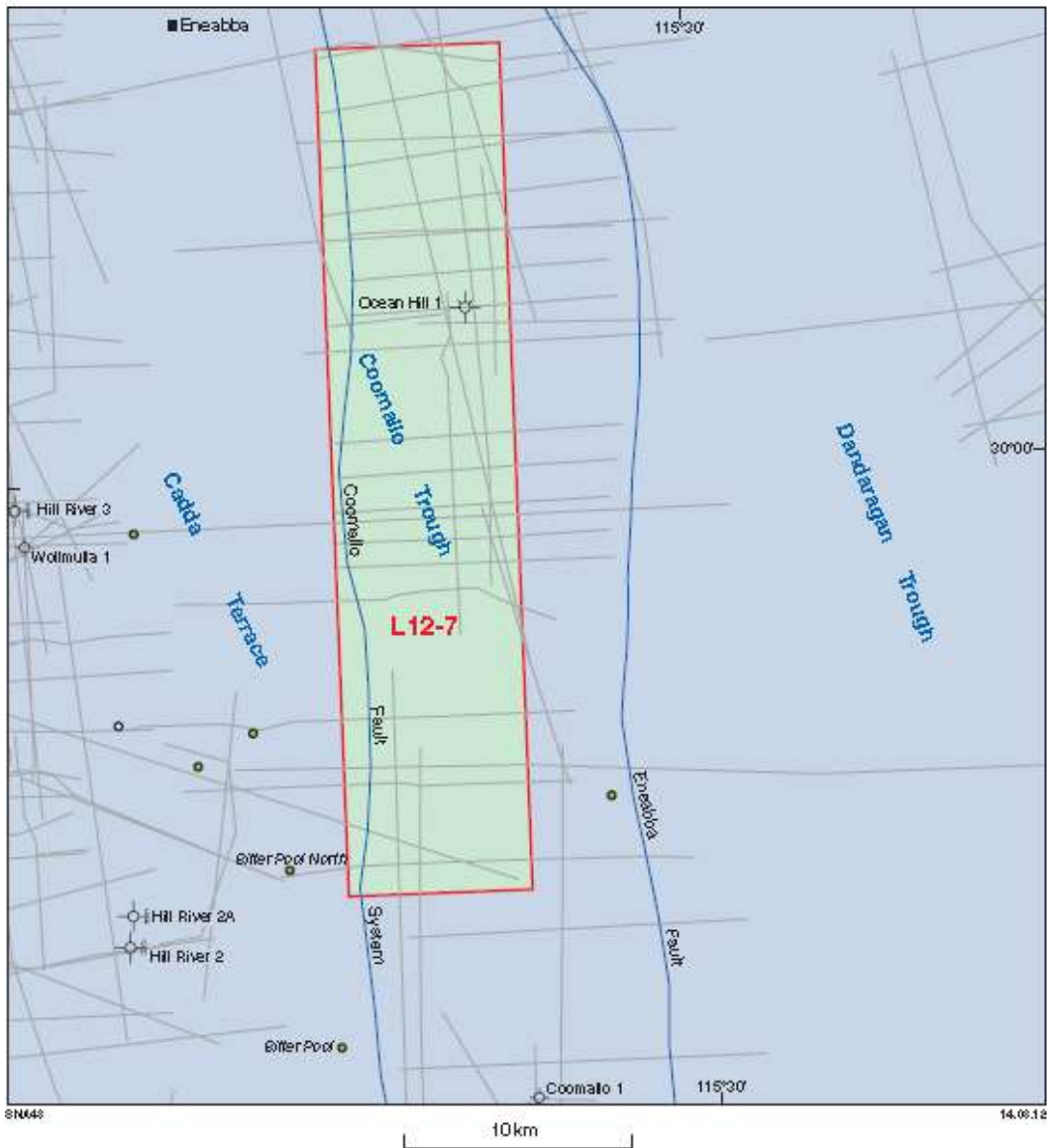


Figure 3 – Location of historical 2D Seismic data over the Ocean Hill Block

The Ocean Hill structure has two culminations and the northern one has been assigned 2C contingent resources of 360 BCFG and 1.2 MMBBL of condensate by an independent evaluation by DeGolyer and MacNaughton, as announced to the ASX by Greenrock on 4 October 2013, as shown in Table 1:-

Gross Separator Gas		
1C	2C	3C
24 BcF	360 BcF	796 BcF
Gross Condensate		
1C	2C	3C
145 Mbbl	1,191 Mbbl	2,558 Mbbl

Table 1. Ocean Hill prospect unrisked Contingent Resources

Three other prospects identified in the mapping by Greenrock were evaluated by DeGolyer and MacNaughton, being Ocean Hill South, Lead D and Lead F as shown in Figure 2. These features have been attributed unrisked Prospective Resources as shown in Table 2:-

Low Estimate	Best Estimate	High Estimate
557 BcF	809 BcF	1,155 BcF

Table 2. Combined Unrisked Prospective Resources for South Ocean Hill Leads D & F.

Note that the volumes do not include any prospective resources associated with Leads A, B, C or E.

Information on the resources evaluation, including competent persons statement and important notes related to the resources estimates are detailed in the Green Rock announcement to the ASX on 4 October 2013.

Eneabba believes this project represents an excellent exploration / appraisal opportunity with significant resource potential associated with the Ocean Hill-1 gas discovery.

Acquisition Terms

Eneabba and Green Rock have entered into a Permit Sale Agreement whereby Eneabba may acquire 100% of the Ocean Hill Block for the following consideration:

- (a) Upfront payment of \$30,000 on signing of binding agreement;
- (b) Cash payment of \$300,000;
- (c) 40,000,000 Eneabba Ordinary Shares; and
- (d) Eneabba to pay applicable native title costs to a maximum of \$75,000.

The Agreement is subject to the following conditions:-

- Completion of due diligence to the satisfaction of Eneabba within 30 days;
- Eneabba obtaining all necessary consents and approvals as are required, including shareholder approvals, approvals under ENB's constitution, the ASX Listing Rules and the Corporations Act, to give effect to the transactions contemplated by this Agreement;
- Execution by the Vendor and the Amangu Native Title Claimants of the Amangu Native Title Agreement to the satisfaction of Eneabba;
- All conditions required by the Department of Minerals and Petroleum being met to enable the grant of the Permit; and
- The Vendor obtaining any consent or approval (including any consent or approval under the Act) required to transfer the Permit from the Vendor to Eneabba or its newly incorporated subsidiary, Ocean Hill Pty Ltd.

The Eneabba consideration shares issued to Green Rock are to be subject to escrow to 21 November 2015, being 12 months from the date of completion of due diligence by Eneabba. The agreement provides that the consideration shares cannot be distributed in-specie by Green Rock to GRK shareholders.

This Agreement will terminate on 30 April 2015 if completion has not occurred by then.

Board Changes at completion

As part of the transaction, Mr Barnaby Egerton-Warburton will be appointed as a Non-Executive Director of the Company at completion of the acquisition. Mr Greg Allen, a current Non-Executive Director will step down concurrently so that the Eneabba Board will comprise three Directors at completion.

Mr Egerton-Warburton holds a Bachelor of Economics and is a graduate of the Australian Institute of Company Directors (AICD) and a member of the American Association of Petroleum Geologists (AAPG) and is currently a Director of Otis Energy Limited (ASX : OTE) and a Non-Executive Director of Green Rock Energy Limited. Mr Egerton-Warburton has over 20 years of trading, investment banking experience with a focus on the energy and resources sector.

Entitlements Issue

Eneabba intends to proceed with a Non-Renounceable Entitlements Issue of Shares of five (5) new Eneabba Ordinary Shares for every eight (8) Eneabba Ordinary Shares held at the Record Date at a price of \$0.0125 to raise approximately \$1,250,000.

Cygnnet Capital Pty Ltd (“Cygnnet”) has been engaged to manage the Entitlements Issue and fully underwrite the Offer. Cygnnet will be paid a fee of 6% of the total underwritten amount as well as 15 million unlisted options exercisable at \$0.02 on or before 30 July 2017.

The funds raised from the Entitlements Issue, together with existing cash reserves will be applied for development of the Ocean Hill Block and for development of Eneabba’s existing energy assets, working capital and costs of the Entitlements Issue offer.

Annual General Meeting

The acquisition of the Ocean Hill Block is subject to the approval of Eneabba’s shareholders. The Company is currently preparing the Notice for its Annual General Meeting which will include resolutions relating to the acquisition and will advise of dispatch in the coming days.

Future Exploration

Following completion, Eneabba plans to carry out exploration on Ocean Hill in accordance with the permit application made by Green Rock to the Department of Mines, being a 3D seismic program and drilling of well in the next two years. Eneabba intends to secure a farm-in partner to assist with exploration funding. Green Rock has received expressions of interest from various parties. Further details of exploration plans will be released to the market shortly.

Centauri-1 Power Station Concept and Sargon Coal Project

Eneabba has been approached recently by a number of parties interested in funding and developing the Centauri-1 Power Station project and the Company’s land holding in Dongara Western Australia.

The Power Station concept is located in Mid-West Western Australia (North Perth Basin), in close proximity to the Ocean Hill Block.

The Company continues to keep the required state and federal permitting for the construction and operation of the power station in good standing, as well as maintaining the power station site on Company land at minimum cost.

For and on behalf of Eneabba Gas Limited



Morgan Barron
Director

Competent Person

The information in this announcement has been reviewed by Mr Mark Ballesteros (a Petroleum Geologist) who has over 30 years’ experience in petroleum geology, geophysics, prospect generation and evaluations and project level resource and risk estimations. Mr Ballesteros reviewed this announcement and consents to the inclusion of the geological and engineering descriptions and any estimated hydrocarbon resources in the form and context in which they appear.

The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.