



ENEABBA GAS LIMITED

ABN 69 107 385 884

5 FOR 8 NON-RENOUNCEABLE ENTITLEMENT OFFER

ENTITLEMENT ISSUE OFFER DOCUMENT

22 October 2014

If you are an Eligible Shareholder, this is an important document that requires your immediate attention. It should be read in its entirety. If, after reading this document, you have any questions about the securities being offered under it or any other matter, you should contact your stockbroker, solicitor, accountant or other professional adviser.

IMPORTANT NOTICES

This Offer Document is dated 22 October 2014. This Entitlement Issue is being made without a prospectus in accordance with section 708AA of the Corporations Act. This Offer Document is not a prospectus or any other form of disclosure document regulated by the Corporations Act and has not been lodged with ASIC. Accordingly, this Offer Document does not contain all of the information which a prospective investor may require to make an informed decision whether to subscribe for New Shares and it does not contain all of the information which would otherwise be required by Australian law or any other law to be disclosed in a prospectus. Announcements made by ENB to ASX are available from the ASX website www.asx.com.au. The information in this Offer Document does not constitute a recommendation to acquire New Shares or financial product advice.

This Offer Document is important and should be read in its entirety before deciding whether to participate in the Entitlement Issue. This Offer Document has been prepared without taking into account the investment objectives, financial or taxation situation or particular needs of any Applicant. Before applying for New Shares, you should consider whether such an investment is appropriate to your particular needs, considering your individual risk profile for speculative investments, investment objectives and individual financial circumstances. If you are in any doubt about the Entitlement Issue or the contents of this Offer Document, you should consult your stockbroker, solicitor, accountant or other professional adviser without delay. You should note that the past Share price performance of the Company provides no guidance to its future Share price performance.

By returning an Entitlement and Acceptance Form or lodging an Entitlement and Acceptance Form with the Company's Share Registry or otherwise arranging for payment for your New Shares through BPAY in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have received and read this Offer Document, you have acted in accordance with the terms of the Entitlement Issue detailed in this Offer Document, you agree to all of the terms and conditions as detailed in this Offer Document and you have made your own enquires and assessment as to the assets, liabilities, financial position, profit and losses and prospects of the Company and the rights attaching to New Shares.

Offering restrictions

This Offer Document has been prepared to comply with the requirements of the laws of Australia. It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of the Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, no action has been taken to register this Offer Document in any jurisdiction outside Australia or New Zealand, or to otherwise permit a public offering of Entitlements or Shares in any jurisdiction outside Australia or New Zealand. The Entitlement Issue is not being extended to any Shareholder whose registered address is outside of Australia or New Zealand. Any failure to comply with foreign legal restrictions in connection with the Entitlement Issue may constitute a violation of applicable securities laws, and persons who receive this Offer Document should seek advice on and observe any such restrictions. This Offer Document does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

Shareholders resident in New Zealand should consult their professional advisors as to whether any government or other consents are required, or other formalities need to be observed to enable them to take up New Shares under the Entitlement Issue.

ENB may (at its absolute discretion) extend the Offer to certain institutional shareholders (as at the Record Date) in foreign jurisdictions subject to compliance with applicable laws.

Future performance and forward looking statements

Neither ENB nor any other person warrants or guarantees the future performance of the New Shares or any return on any investment made pursuant to the Entitlement Issue. The forward looking statements in this Offer Document are based on ENB's current expectations about future events. They are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of ENB and its Directors that could cause actual results, performance or achievements to differ materially from

future results, performance or achievements expressed or implied by the forward looking statements in this Offer Document. Investors should specifically refer to section 8, 'Risk factors', which refers to some but not all of the matters that may cause actual results to differ from the position stated in any forward looking statement in this Offer Document.

Definitions, currency and time

Definitions of certain terms used in this Offer Document are contained in section 10. All references to currency are to Australian dollars and all references to time are to AWST, unless otherwise indicated.

Governing law

This Offer Document, the Entitlement Issue and the contracts formed on acceptance of the Applications are governed by the laws applicable in Western Australia, Australia. Each Applicant submits to the exclusive jurisdiction of the courts of Western Australia, Australia.

Disclaimer

No person is authorised to give any information or to make any representation in connection with the Entitlement Issue which is not contained in this Offer Document. Any information or representation in connection with the Entitlement Issue not contained in the Offer Document may not be relied upon as having been authorised by the Company or any of its officers.

Enquiries

If you have any questions in relation to the Entitlement Issue, please contact your stockbroker, solicitor, accountant or financial adviser. If you have any queries about your Entitlement please contact the Company Secretary on the number below:

Brett Tucker
Company Secretary
Tel: +61 8 9482 0555

Privacy

As a Shareholder, ENB and the Share Registry have already collected certain personal information from you. If you apply for New Shares, ENB and the Share Registry may update your personal information or collect additional personal information. Such information will be used to assess your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration. Company and tax law requires some of the information to be collected. If you do not provide the information requested, your Application may not be able to be processed efficiently, if at all.

ENB and the Share Registry may disclose your personal information for purposes related to your shareholding to their agents and service providers as authorised under the Privacy Act (such as authorised securities brokers, print service providers and mail houses). The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers and regulatory bodies (including the Australian Taxation Office).

Under the Privacy Act, you may request access to your personal information held by (or on behalf of) ENB or the Share Registry. If ENB's or the Share Registry's record of your personal information is incorrect or out of date, it is important that you contact the Share Registry so that your records can be corrected.

5 FOR 8 NON-RENOUNCEABLE ENTITLEMENT ISSUE – ENTITLEMENT ISSUE OFFER DOCUMENT

1. HIGHLIGHTS

The Board of Eneabba Gas Limited ABN 69 107 385 884 (“ENB” or “the Company”) is offering Eligible Shareholders the opportunity to subscribe for additional fully paid ordinary shares in the capital of the Company (**New Shares**). The offer is in the form of a non-renounceable entitlement issue with the following features:

- 5 for 8 non renounceable entitlement issue at 1.25 cents per New Share to raise up to approximately \$1,253,266 before costs.
- The Offer is made to all registered holders of shares in the Company at the record date of 30 October 2014 whose registered address is in Australia or New Zealand.

2. ENTITLEMENT ISSUE DETAILS

TERMS OF ENTITLEMENT ISSUE

The Board of the Company is pleased to announce the details of a non-renounceable entitlement issue to be made available to Eligible Shareholders to raise up to approximately \$1,253,266 before costs through the issue of up to approximately 100,261,274 new fully paid ordinary shares in the Company at an issue price of 1.25 cents per New Share.

Eligible Shareholders are invited to subscribe for New Shares under the Entitlement Issue on the basis of five New Shares for every eight Shares held at 5pm (AWST) on the record date of 30 October 2014 at an issue price of 1.25 cents per New Share.

As at the Record Date, the Company will have on issue 160,418,038 Shares. The Company expects that up to 100,261,274 Shares will be issued under the Offer.

Where the determination of the Entitlement of any Eligible Shareholder results in a fraction of a New Share, such fraction will be rounded up to the nearest whole New Share.

The Offer is fully underwritten by Cygnet Capital Pty Ltd (a corporate authorised representative of Cygnet Securities Australia Pty Ltd AFS Licensee Number 241095) (**Cygnet**). Cygnet will be entitled to a commission of 5% of the amount of the Entitlement Issue that is underwritten by Cygnet and a management fee consisting of 1% of the total underwritten amount under the Entitlement Issue and 15,000,000 Eneabba options, exercisable at 2 cents each on or before 30 June 2017. Cygnet reserves the right to pay commissions of 5% to any sub-underwriters as agreed by Cygnet. Further details of the Underwriting Agreement are in Section 9.

Eligible Shareholders should note that the market price of Shares in ENB may rise or fall between the date of the Entitlement Issue and the date that any Shares are issued to you as a result of your acceptance of the Entitlement Issue. This means that the subscription price you pay for the Shares may exceed the market price of the Shares at the date of issue of the Shares. The Board recommends that you obtain your own financial advice in relation to the Entitlement Issue and consider price movements of the Shares in ENB prior to accepting the Entitlement Issue.

Investors who wish to take part in the Entitlement Issue who are not currently Shareholders may purchase Shares prior to the ex-entitlement date (28 October 2014).

NO ENTITLEMENT TRADING

The Entitlement Issue is non-renounceable, which means that you cannot transfer your right to subscribe for New Shares under the Entitlement Issue to anyone else. Any portion of your entitlement which is not taken up by the Closing Date will automatically lapse.

The Company participates in the Clearing House Electronic Subregister System (**CHES**). ASX Settlement Pty Ltd (**ASX Settlement**), a wholly-owned subsidiary of ASX, operates CHES in accordance with the ASX Listing Rules and ASX Settlement Operating Rules. Under CHES, Applicants will not receive a certificate but will receive a Transaction Confirmation Statement for their New Shares.

If you are broker sponsored, ASX Settlement will send you a CHES statement. The CHES statement will set out the number of New Shares issued to you under this Offer Document, and provide details of your holder identification number and the participant identification number of the sponsor. A CHES allotment advice will be despatched from the Share Registry on Thursday, 19 November 2014.

If you are registered on the Company sub-register, your statement will be despatched by the Share Registry on Thursday, 19 November 2014 and will contain the number of New Shares issued to you under this Offer Document and your security holder reference number.

A CHES statement or Company statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their Shareholding changes. Shareholders may request a statement at any other time. However, a charge may be incurred for additional statements.

ELIGIBILITY

Subject to the provision at the last paragraph of this sub heading, only Shareholders whose registered address is in Australia or New Zealand as at the Record Date will be eligible to participate in the Entitlement Issue. Applications for New Shares by Eligible Shareholders can only be made on an original Entitlement and Acceptance Form to be sent with this document to all Shareholders on 3 November 2014. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Entitlement Issue.

This Entitlement Issue does not constitute an offer or invitation to subscribe for New Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue this Offer Document. No action has been taken to register or qualify the Entitlement Issue in any jurisdiction outside Australia or New Zealand.

ENB may (at its absolute discretion) extend the Offer to certain institutional shareholders (as at the Record Date) in foreign jurisdictions subject to compliance with applicable laws.

3. ALLOCATION POLICY FOR SHORTFALL

A total of up to 100,261,274 New Shares will be offered under the Entitlement Issue to raise up to \$1,253,266.

Shortfall Shares will only be allocated and issued if all Eligible Shareholders do not apply for their full Entitlement and the Offer is consequently undersubscribed.

Allocation of any Shortfall Shares will be managed by Cygnet pursuant to the Underwriting Agreement. Allocation of the Shortfall Shares will be at the discretion of Cygnet in consultant with the Company. Refer Section 9 for further information regarding the Underwriting Agreement.

4. KEY TERMS OF ENTITLEMENT ISSUE

The Company is undertaking the Entitlement Issue, as outlined in this Offer Document to raise up to \$1,253,266 being the issue of 100,261,274 New Shares on the basis of five Shares for every eight Shares held at the Record Date at 1.25 cents each.

The Entitlement Issue is fully underwritten by Cygnet. Cygnet will be entitled to a commission of 5% of the amount of the Entitlement Issue that is underwritten by Cygnet and a management fee consisting of 1% of the total underwritten amount under the Entitlement Issue and 15,000,000 Eneabba options, exercisable at 2 cents each on or before 30 June 2017.

CAPITAL STRUCTURE FOLLOWING THE ENTITLEMENT ISSUE

Following completion of the Entitlement Issue the Company will have the following Shares on issue:

Event	Ordinary Shares
Existing	160,418,038
Entitlement Issue	100,261,274
Total on Issue following Entitlement Issue*	260,679,312

*The Company also proposes to issue 40,000,000 Shares to Green Rock Energy Limited pursuant to the Green Rock Acquisition Agreement as announced to the ASX on 22 October 2014.

* In the event that the Shortfall under the Entitlements Issue is less than A\$625,000, the Company has agreed with the Underwriter to issue additional Shares under a top up placement to increase the total amount allocated to the Underwriter, including the Shortfall allocation, to A\$625,000.

5. ENTITLEMENT ISSUE TIMETABLE

EVENT	DATE
Announce pro rata issue, apply for quotation (Appendix 3B) and lodge s708AA notice	22 October 2014
Send Notice to Shareholders containing information required by Appendix 3B	22 October 2014
Shares commence trading on an Ex Entitlement basis	28 October 2014
Record Date to identify shareholders entitled to participate in the issue	30 October 2014
Send Offer Document and entitlement form to shareholders	3 November 2014
Offer opening date	3 November 2014
Offer closing date	13 November 2014
Shares quoted on a deferred settlement basis	14 November 2014
Notify ASX of under-subscriptions	14 November 2014
Issue Date and Statement Despatch date	19 November 2014
Allotment of Shortfall (on or before)	3 December 2014

These dates are subject to change and are indicative only. ENB reserves the right to amend this Timetable including, subject to the Corporations Act and the Listing Rules, to extend the Closing Date, and ENB reserves the right to withdraw the Entitlement Issue at any time before the issue of New Shares in its absolute discretion.

Application for official quotation by ASX of the New Shares offered pursuant to this Offer Document will be made within 7 days after the date of this Offer Document. Issues of New Shares under this Entitlement Issue will only be made after approval for their quotation on ASX has been granted. Application Monies will be held by ENB in a subscription account on behalf of each Eligible Shareholder who has applied for New Shares under the Entitlement Issue until the New Shares are issued. If approval is not obtained from ASX before the expiration of 3 months after the date of this Offer Document (or such period as varied by the ASIC) the Company will not issue any New Shares and will repay all application monies for the New Shares within the time prescribed under the Corporations Act, without interest. If the Entitlement Issue is withdrawn and New Shares are not issued, the Application Monies will be refunded to those Eligible Shareholders who applied for New Shares under the Entitlement Issue as soon as reasonably practicable. Interest earned on the Application Monies will be for the benefit of ENB and will be retained by ENB irrespective of whether New Shares are issued.

The fact that ASX may grant official quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares now offered for subscription.

6. WHAT YOU NEED TO DO

YOUR ENTITLEMENT

The number of New Shares to which Eligible Shareholders are entitled is shown on the individually prepared and serially numbered Entitlement and Acceptance Form to be dispatched on 3 November 2014. Eligible Shareholders may:

- take up all of their Entitlement in full;
- take up part of their Entitlement and allow the balance to lapse; or
- allow all of their Entitlement to lapse.

Shareholders that are not Eligible Shareholders may not take any of the steps set out above.

The Company reserves the right to reject any Entitlement and Acceptance Form that is not correctly completed or that is received after the Closing Date. An Application for your Entitlement may be for any number of New Shares but must not exceed your Entitlement as shown on the Form. If it does, your Application will be deemed to be for your full Entitlement and any balance of Application Monies will be returned to you (without interest).

By completing an Entitlement and Acceptance Form or paying Application Monies through BPAY, Eligible Shareholders will be deemed to have made the representations, warranties and agreements set out in the Entitlement and Acceptance Form. Acceptance of a completed Entitlement and Acceptance Form by the Company creates a legally binding contract between the Applicant and the Company for the number of Shares accepted or deemed to be accepted by the Applicant. The Entitlement and Acceptance Form does not need to be signed by the Applicant to be legally binding

IF YOU WISH TO APPLY FOR ALL OF YOUR ENTITLEMENT

If you wish to take up the Entitlement in full, complete the Entitlement and Acceptance Form, in accordance with the instructions set out therein and post your completed Entitlement and Acceptance Form, together with your Application Monies, (see Payment section below) to the Share Registry so that it is received no later than **5.00pm AWST on 13 November 2014** at the address set out below:

Mailing Address:-
Eneabba Gas Limited
C/- Security Transfer Registrars
PO Box 535
Applecross WA 6953

Hand Delivery:-
Security Transfer Registrars
770 Canning Highway
Applecross WA 6153

You may also take up all of your Entitlement by arranging for payment of the Application Monies through BPAY in accordance with the instructions on the Entitlement and Acceptance Form. If payment is being made through BPAY, you do not need to return the Entitlement and Acceptance Form. Your payment must be received by no later than 5.00pm AWST on 13 November 2014.

IF YOU WISH TO APPLY FOR PART OF YOUR ENTITLEMENT AND ALLOW THE BALANCE TO LAPSE

If you wish to take up part of the Entitlement and allow the balance to lapse, complete the Entitlement and Acceptance Form, or complete a BPAY payment, for the number of New Shares you wish to take up (at 1.25 cents per New Share) and follow the steps set out in the section above with respect to accepting your Entitlement in full. If you take no further action, the balance of your Entitlement will lapse.

IF YOU WISH TO ALLOW ALL OF YOUR ENTITLEMENT TO LAPSE

If you do not wish to accept any part of the Entitlement, you do not need to take any further action and your Entitlement will automatically lapse. You will receive no payment for your lapsed Entitlement.

You cannot sell or transfer your Entitlement to another person. Your holding of existing Shares will, however, be diluted because the issue of New Shares will increase the total number of Shares on issue.

PAYMENT

The Issue Price for the New Shares is payable in full on application by a payment of 1.25 cents per New Share. You can make payment of the Application in two ways, either:

- the Entitlement and Acceptance Form must be accompanied by a cheque for the Application Monies. Cheques must be drawn in Australian currency on an Australian bank account and made payable to 'Eneabba Gas Limited Entitlement Issue' and crossed 'Not Negotiable'; or
- you may arrange for payment of the Application Monies through BPAY in accordance with the instructions on the Entitlement and Acceptance Form. If you make payment via BPAY, you do not need to return the Entitlement and Acceptance Form.

Completed Entitlement and Acceptance Forms or payment by BPAY must be received no later than 5:00pm (AWST) on the Closing Date. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that funds are submitted through BPAY by the date and time mentioned above. To ensure you receive your Entitlement in respect of that holding, you must use the customer reference number shown on your personalised Entitlement and Acceptance Form when paying for any New Shares that you wish to apply for in respect of that holding.

Eligible Shareholders must not forward cash by mail. Receipts for payment will not be issued.

7. USE OF FUNDS

The capital raised under the Entitlement Issue is anticipated to be applied by the Company as follows:

Activity	Estimate of funds applied
Activities on the	
- Centauri-1 Power Station concept and land; and	500,000
- Sargon UCG / coal bed methane tenement	
Consideration Payment in accordance with the Green Rock Acquisition Agreement ⁽¹⁾	300,000
Native Title Payments under the Green Rock Acquisition Agreement	75,000
Exploration and development of the 'Ocean Hill' on-shore gas exploration project including the planning of a 3D seismic program and the search for joint venture partners ⁽²⁾	525,000
Working capital, other energy opportunities and corporate overhead requirements	1,460,000
Paying the costs of the Entitlement Issue	40,000
Total	2,900,000

(1) Completion of the Green Rock Acquisition Agreement is conditional on certain matters, including completion of due diligence, execution of a native title agreement, grant of the Permit, ministerial approval for transfer of the Permit and the Company obtaining any necessary shareholder approvals for the Acquisition. Further details of the acquisition are set out in the Company's announcement dated 22 October 2014.

(2) Expenditure on the Ocean Hills Project is yet to be finalised and approved by ENB. It should also be noted that the primary strategy of ENB in acquiring the Ocean Hills Project is to attract a farm-in partner to fund the initial exploration on the Project. The vendor of the Ocean Hills Project is currently in discussions with various parties in relation to the same and the Company intends to continue these negotiations which would have a significant reduction in the above expenditure.

(3) The use of funds given above are an estimate only and the Directors reserve the right to change the amount and activities applied.

8. RISK FACTORS

Introduction

The business activities of the Company are subject to various risks that may impact on the future performance of the Company. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. There are a number of risk factors that investors should consider and seek independent advice on, before deciding whether or not to invest in Shares. The principal risk factors include, but are not limited to, the following:

Other General Risk Factors associated with the Company

Completion Risk related to Green Rock Acquisition Agreement

Completion of the Green Rock Acquisition Agreement is conditional on certain matters, including grant of the Permit, ministerial approval for transfer of the Permit and the Company obtaining shareholder approval for the Acquisition. If any of the conditions are not met, completion of the Acquisition may be deferred or not

occur. Shareholders should be aware that completion of the Entitlement Issue will occur prior to the completion of the Green Rock Acquisition Agreement. Failure to complete the Acquisition may have a material adverse effect on the Company's financial position and its Share price. If the Entitlement Issue completes but the Acquisition does not complete, the Company will consider its various options in relation to the use of funds raised from the Entitlement Issue, including use of funds for the Company's existing projects, general working capital or new acquisitions.

Development Capital and Future Capital Requirements

Whilst the Company is in a holding position with respect to development of Centauri 1 power station, it continues to incur expenditure on corporate and administrative overhead costs. Similarly, exploration will reduce the cash reserves of the Company, which may not be replaced. The Company would then be dependent on seeking development capital elsewhere, through equity, debt or joint venture financing, to support long term exploration, evaluation and development of its projects.

The Company's growth through expansion of its current business will require substantial expenditures. The Company's cash reserves together with funds raised from the Entitlement Issue will not be sufficient to successfully achieve all the objectives of the Company's overall business strategy and it will be required to raise additional capital.

If the Company is unable to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the Entitlement Issue, existing working capital and funds generated from operations, there can be no assurance that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all.

Any additional equity financing may be dilutive to the Company's existing Shareholders and any debt financing if available, may involve restrictive covenants, which limit the Company's operations and business strategy. The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

Business Risks for Power Provision

The establishment, viability and profitability of the Company as a power provider will be dependent on a number of factors, including but not limited to, the following:

- confirmation of definite take or pay contracts for electricity supply with iron ore producers and other customers in the Mid West region of Western Australia;
- existing and new power providers in competition with the Company;
- the proposed onset of a carbon scheme in 2010 and the outcome with regards to gas fired generators' competitive advantage when compared to dirtier coal fired generators;
- environmental management issues with which the Company may be required to comply from time to time;
- unforeseen major failures, delays, or breakdowns in the development and construction of the proposed 168 MW Centauri-1 power station, engagement with the SWIS network and the procurement of gas to drive the turbines; and
- shortages or increases in the cost of consumables, spare parts, plant and equipment and labour.

Exploration and Mining Risks

The Company has been assessing its tenement holding for underground coal gasification potential.

The Company's activities in this regard are at an early stage and there are numerous factors that impact on commercial success or otherwise. These factors include but are not limited to the following:

- approval of drill programs;
- commodity prices;
- risks inherent in exploration and mining including, among other things, successful exploration and identification of reserves, satisfactory performance of mining operations and competent management;
- risks associated with obtaining grant of any mining tenements which are applications or renewal of tenements upon expiry of their current term;

- the risk of material adverse changes in the government policies or legislation affecting the level of mining and exploration activities;
- environmental management issues with which the Company may be required to comply from time to time;
- poor weather conditions over a prolonged period which might adversely affect exploration activities and the timing of earning revenues;
- unforeseen major failures, breakdowns or repairs required to key items of plant and equipment or infrastructure resulting in significant delays, notwithstanding regular programs of repair, maintenance and upkeep; and
- shortages or increases in the costs of consumables, spare parts, plant and equipment and labour.

Operational and Technical Risk

The successful implementation of the Company's coal business and objectives could be adversely affected by the following factors:

- insufficient coal reserves;
- inappropriate coal seam structures;
- inconsistent gas quality or inadequate gasification characteristics;
- variable gas quantity;
- interruption in gas supply due to underground processing problems;
- location of water aquifers or other sensitive environmental structures;
- subsidence of surrounding grounds;
- breach of a supply contract due to inconsistent product production; or
- inadequate ability to deal with carbon dioxide or other emissions.

If any of these issues were to arise this could have a detrimental effect on the Company's operations.

In addition, there is a risk that the syngas produced by UCG may not be able to be successfully used by customers. If this occurs, the Company may require additional capital to purchase further plant and equipment to clean up the syngas in order to allow it to be used by customers. There is no guarantee that such additional expenditure will achieve the intended result.

UCG industry operating risks include fire, explosions and breakdowns of plant machinery and equipment. The occurrence of any of these risks could result in legal proceedings being instituted against the Company and substantial losses due to injury or loss of life, damage to or destruction of property, natural resources, regulatory investigation and penalties or suspension of operations. In addition, damage occurring to third parties may give rise to claims by third parties.

Technology and Intellectual Property Risks

Any development by the Company will likely involve the use of the intellectual property and technology of third party technology providers. There is no guarantee that the Company will be able to source such technology and intellectual property on favourable terms or at all.

To date, there has been limited commercial scale UCG development around the world and there is also a risk that the Company may not be able to utilise existing technology for the production of fuels using UCG syngas and the Company may need to enter into agreements with technology providers in order to obtain appropriate technology.

In addition, the ability of technology providers and intellectual property owners to protect their intellectual property rights involves complex legal, scientific and factual questions and uncertainties. Intellectual property rights owned by those entities may be challenged by their competitors or other third parties. The success of an action may delay or prevent the Company from undertaking its business plan.

Economic Risks

Economic factors beyond the control of the Company, such as changes in commodity prices, interest rates, inflation, exchange rates and taxation, may negatively impact on the revenue and profitability of the Company.

Share Market Conditions

There are general risks associated with any investment in the share market. The market price of the Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

Exchange Rate Risks

Exchange rates between currencies are affected by numerous factors beyond the control of the Company. These factors include expectations regarding inflation, interest rates demand for, and supply of commodities as well as general global economic conditions.

In the event that the Company achieves success in the development of the 168MW gas-fired Centauri-1 power station on Company-owned land 8km east of Dongara in the Mid-West of Western Australia a proportion of the development costs will be in denominated in United States dollars.

The exchange rate between Australian dollars and United States dollars has been increasingly volatile. Adverse movements in the exchange rate between Australian dollars and United States may materially increase the cost of development of the Centauri 1 power station and have a material adverse effect on the Company's business, financial condition, results of operations and cashflows.

Hydrocarbon Product Price and Volatility

The demand for, and price of, oil and natural gas is dependent on a variety of factors, including supply and demand, the level of consumer product demand, weather conditions, the price and availability of alternative fuels, actions taken by governments and international cartels, and global economic and political developments.

The market price of hydrocarbon products is volatile and cannot be controlled. Oil and gas prices have fluctuated widely in recent years. If the price of hydrocarbons should drop significantly and remain depressed, the economic prospects of the projects which the Company has an interest in could be significantly reduced or rendered uneconomic. There is no assurance that, even if significant quantities of hydrocarbon products are discovered, a profitable market may exist for their sale.

The marketability of hydrocarbons is also affected by numerous other factors beyond the control of the Company, including government regulations relating to royalties, allowable production and importing and exporting of oil and gas and petroleum products, the effect of which cannot be accurately predicted.

Resource Exploration and Development Risk

Hydrocarbon exploration by its nature contains elements of significant risk. The success of the Company depends on the discovery and delineation of economically viable energy reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to the Company's exploration and production tenements and obtaining all consents and approvals necessary for the conduct of its exploration and production activities.

Commercialisation of Discoveries

It may not always be possible for the Company to participate in the exploitation of successful discoveries made in any areas in which the Company has an interest. Such exploitation will involve the need to obtain the necessary licences or clearances from the relevant authorities, which may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further the decision to proceed to further exploitation may require the participation of other companies whose interests and objectives may not be the same as the Company. Such further work may require the Company to meet or commit to financing obligations for which it may not have planned.

Hydrocarbon Reserve Estimates

Hydrocarbon reserve estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates that were valid when made may change significantly when new information becomes available.

In addition, reserve estimates are necessarily imprecise and depend to some extent on interpretations, which may prove inaccurate. Should the Company encounter oil and/or gas deposits or formations different from those predicted by past drilling, sampling and similar examinations, then reserve estimates may have to be adjusted and production plans may have to be altered in a way which could adversely affect the Company's operations.

Regulation– Exploration and Production

Oil and natural gas exploration, production and related operations are subject to extensive rules and regulations promulgated by federal, state and local agencies. Failure to comply with such rules and regulations can result in substantial penalties. The regulatory burden on the oil and gas industry increases the cost of doing business and affects profitability. Because such rules and regulations are frequently amended or reinterpreted, the Company is unable to predict the future cost or impact of complying with such laws.

New Projects and Acquisitions

The Company will actively pursue and assess other new business opportunities in the energy sector as well as other opportunities. These new business opportunities may take the form of direct project acquisitions, joint ventures, farm-ins, acquisition of tenements/permits, or direct equity participation.

The acquisition of projects (whether completed or not) may require the payment of monies (as a deposit and/or exclusivity fee) after only limited due diligence or prior to the completion of comprehensive due diligence. There can be no guarantee that any proposed acquisition will be completed or be successful. If the proposed acquisition is not completed, monies advanced may not be recoverable, which may have a material adverse effect on the Company.

If an acquisition is completed, the Directors will need to reassess at that time, the funding allocated to current projects and new projects, which may result in the Company reallocating funds from other projects and/or raising additional capital (if available).

Furthermore, notwithstanding that an acquisition may proceed upon the completion of due diligence, the usual risks associated with the new project/business activities will remain.

Additional Requirements for Capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the capital raising. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programs as the case may be.

Reliance on Key Management

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

Further Risks Specific to the Company

The current and future operations of the Company, including exploration, appraisal and production activities, may be affected by a range of factors, including:

- geological conditions;
- alteration to exploration programmes and budgets;
- unanticipated operational and technical difficulties;
- prevention or restriction of access by reason of political unrest, outbreak of hostilities or inability to obtain consents or approvals (including access agreements entered into with Native Title claimants); and
- uninsured losses or liabilities.

Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares offered under this Offer Document.

Therefore, the New Shares to be issued pursuant to this Offer Document carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those New Shares.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for New Shares pursuant to this Offer Document.

9. ADDITIONAL INFORMATION

UNDERWRITING AGREEMENT

The Company has engaged Cygnet Capital Pty Ltd to fully underwrite the Offer. The key terms of the underwriting agreement are as follow.

Conditions Precedent

The underwriting agreement is conditional upon Cygnet performing due diligence on the Company to its satisfaction and being satisfied with the Offer Document, execution of the Green Rock Acquisition Agreement and the Company lodging the Offer Document and associated cleansing notice and appendix 3B with the ASX by the due date. Due diligence on the Company was satisfied prior to lodgement of the Offer Document with the ASX.

Shortfall Shares

Cygnet has the right to nominate and determine who is to receive Shortfall Shares in consultation with the Company.

In the event that the value of the total Entitlements Issue shortfall is less than \$625,000, Cygnet is to be provided with an exclusive top-up placement, which it may accept at its sole discretion, to increase its total allocation of new shares, including the shortfall allocation, to at least \$625,000.

Fees

On Completion the Company must pay to the Cygnet an underwriting fee of 6% (plus GST) of the total of all funds raised pursuant to the Shortfall Issue as consideration for the Underwriter's underwriting obligation in accordance with this Agreement.

The Company will also issue 15 million options exercisable at 2 cents each on or before 30 June 2017 to Cygnet under the Underwriting Agreement.

Termination

Cygnet has the right to terminate its obligations under the underwriting agreement by notice in writing upon a number of events which are standard for an agreement of this nature, including a fall in the All Ordinaries Index (ASX.XAO) and or the S&P/ASX Small Ordinaries Index (ASX.XSO) by 10% or more from its respective level at the date of signing the underwriting agreement, or the Shares finishing trading on the ASX on any three consecutive trading days with a closing price that is \$0.01 or below.

The underwriting agreement also contains a number of indemnities, representations and warranties from the Company to Cygnet that are considered standard for an agreement of this type.

TAX

The taxation consequences of any investment in the New Shares will depend on the investor's particular circumstances. It is the responsibility of Eligible Shareholders to make their own enquiries concerning the taxation consequences of an investment in ENB. The Company, its advisers and its officers do not accept any responsibility or liability for any taxation consequences to Shareholders. If you are in doubt as to the course you should follow, you should seek professional advice from your accountant, financial adviser, lawyer or other professional adviser.

CONTINUOUS DISCLOSURE

ENB is a disclosing entity for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. These disclosure obligations require ENB to disclose to ASX any information that a reasonable person would expect to have a material effect on the price or value of the securities of ENB.

Copies of documents lodged with ASIC in relation to ENB may be obtained from, or inspected at, an office of ASIC.

The Entitlement Issue is being made to Eligible Shareholders without disclosure to investors pursuant to Section 708AA of the Corporations Act. The Company filed a notice with ASX on 22 October 2014 in accordance with section 708AA with respect to the Entitlement Issue.

10. DEFINED TERMS

AWST means Australian Western Standard Time.

Acquisition means the Company's acquisition of the Permit pursuant to the terms of the Green Rock Acquisition Agreement.

Applicant means an Eligible Shareholder who has applied to subscribe for New Shares by submitting an Entitlement and Acceptance Form or arranging for payment through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form.

Application means the submission of an Entitlement and Acceptance Form accompanied by the relevant Application Monies or arranging for payment of the relevant Application Monies through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form.

Application Monies means the aggregate amount of money payable for the New Shares applied for in a duly completed Entitlement and Acceptance Form or through BPAY®.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691.

Business Day has the same meaning as in the Listing Rules.

Closing Date means 13 November 2014.

Company or **ENB** means Eneabba Gas Limited (ABN 69 107 385 884).

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company.

Eligible Shareholder means a Shareholder as at the Record Date who is not a Non-participating Shareholder.

Entitlement means the entitlement to subscribe for New Shares pursuant to the Entitlement Issue.

Entitlement Issue means a pro rata non-renounceable offer to Eligible Shareholders to subscribe for New Shares on the basis of five New Share for every eight Shares of which the Eligible Shareholder is the registered holder as at 5.00pm AWST on the Record Date at an issue price of 1.25 cents each per New Share pursuant to this Offer Document.

Entitlement and Acceptance Form means the Entitlement and Acceptance Form accompanying this Offer.

Green Rock Acquisition Agreement means the sale and purchase agreement between the Company and Green Rock Energy Limited for the sale and purchase of an on-shore gas / petroleum exploration permit, located in mid-west WA by the Company on the terms and conditions as announced to the ASX on 22 October 2014.

Issue Price means 1.25 cents each per New Share.

Listing Rules means the official listing rules of ASX.

New Shares means Shares to be issued under the Entitlement Issue.

Non-participating Shareholder means a Shareholder as at the Record Date whose registered address is not situated in Australia or New Zealand.

Offer means the offer of New Shares pursuant to this Offer Document.

Opening Date means 3 November 2014.

Permit means the exploration permit the subject of the Green Rock Acquisition Agreement.

Privacy Act means the Privacy Act 1988 (Cth).

Record Date means 5.00pm AWST on 30 October 2014.

Shares means fully paid ordinary shares in the capital of the Company.

Share Registry means Security Transfer Registrars Pty Ltd.

Shareholders means holders of Shares from time to time.

Shortfall Shares means those New Shares for which valid Applications have not been received by the Closing Date.

Tenements means the current petroleum exploration tenements held by the Company.

Timetable means the indicative timetable set out in Section 5 of this Offer Document.

Underwriter means Cygnet Capital Pty Ltd.

Underwriting Agreement means the underwriting agreement between the Company and the Underwriter dated 21 October 2014.