



16 November 2016

Dear Optionholder

## **NOTICE TO OPTIONHOLDERS OF NON-RENOUCEABLE ENTITLEMENT OFFER**

I am writing to you as the registered holder of Eneabba Gas Ltd (**Company**) Options as at today's date.

As advised in the Company's ASX announcement dated 15 November 2016, the Company is undertaking a non-renounceable pro-rata entitlement offer on the basis of 2 new fully paid ordinary share (**New Share**) for every 3 fully paid ordinary shares in the Company (**Share**) held by Eligible Shareholders at an issue price of \$0.004 per New Share (**Entitlement Offer**) to raise up to approximately \$802,612 (before costs).

The Entitlement Offer will be made by way of an offer document pursuant to section 708AA of the *Corporations Act 2001* (Cth) (**Offer Document**). No Shareholder approval is required for the Entitlement Offer.

The Company currently has the following Shares and options to acquire Shares (**Options**) on issue:

- (a) 300,979,312 Shares;
- (b) 14,700,000 unlisted Options exercisable at 2 cents on or before 30 June 2017;
- (c) 7,000,000 unlisted Options exercisable at 6 cents on or before 16 November 2018;
- (d) 2,000,000 unlisted Options exercisable at 6 cents on or before 16 November 2016, vesting upon various milestones;
- (e) 7,000,000 unlisted Options exercisable at 8 cents on or before 16 November 2018; and
- (f) 2,000,000 unlisted Options exercisable at 8 cents on or before 16 November 2018, vesting upon various milestones.

If the Entitlement Offer is fully subscribed, up to approximately 200,652,875 New Shares will be issued (subject to rounding and assuming that no Options are exercised prior to the Record Date).

The purpose of the Entitlement Offer is to raise up to approximately \$802,612 (before costs) (assuming the Entitlement Offer is fully subscribed and no Options are exercised prior to the Record Date). The capital raised under the Entitlement Offer is anticipated to be applied by the Company for the maintenance and development of the Company's existing assets, for general working capital and for the assessment and pursuit of new business opportunities and potential acquisitions.

The Entitlement Offer is only available to shareholders who (**Eligible Shareholders**):

- (g) are registered as a holder of Shares at 5.00pm (WST) on 18 November 2016 (**Record Date**); and
- (h) have a registered address in Australia, New Zealand or Singapore.

Shareholders not satisfying the above criteria will not be eligible to participate in the Entitlement Offer.

## Indicative Timetable

The indicative timetable for the Entitlement Offer is as follows:

EVENT	DATE
Announce pro rata issue, Lodge Offer document, apply for quotation (Appendix 3B) and lodge s708AA notice	15 November 2016
Send Notice to Optionholders and Shareholders containing information required by Appendix 3B	16 November 2016
Shares commence trading on an Ex Entitlement basis	17 November 2016
Record Date to identify shareholders entitled to participate in the issue	18 November 2016
Send Offer Document and entitlement form to shareholders	21 November 2016
Offer Opening Date	21 November 2016
Offer Closing Date	5 December 2016 (2pm AWST)*
Shares quoted on a deferred settlement basis	6 December 2016
Notify ASX of under-subscriptions	8 December 2016
Anticipated Issue Date and Statement Despatch date	9 December 2016
Allotment of Shortfall (on or before)	3 March 2017

\* Subject to the Listing Rules, the Directors reserve the right to extend the Closing Date for the Entitlement Offer at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the New Shares.

This timetable is indicative only and may be subject to change. The Company reserves the right to amend this indicative timetable at any time, subject to the Corporations Act and the Listing Rules.

### Optionholder

Under the terms of the Options you currently hold, there is not entitlement to participate in the Entitlement Offer unless you exercise your Options, and are entered into the register as an Eligible Shareholder on or before the Record Date.

If you wish to participate in the Entitlement Offer, you need to exercise your options so that you are registered as a Shareholder of the Company at 5.00pm (WST) on 18 November 2016. A notice of exercise of Options and payment of the exercise price of the Options should be lodged with the Company's share registry, Security Transfer Registrars Pty Ltd, with sufficient time to ensure that you are registered as an Eligible Shareholder by the Record Date.

## Shortfall Offer

If the Entitlement Offer is not fully subscribed, the directors reserve the right, subject to any restrictions imposed by the Corporations Act and the Listing Rules, to issue New Shares not otherwise taken up under the Entitlement Offer (**Shortfall Shares**) at their sole discretion (**Shortfall Offer**).

Under the Shortfall Offer, the Company offers to issue the Shortfall Shares to Eligible Shareholders who apply for additional New Shares out of the Shortfall Shares as well as to other professional and sophisticated investors who are not current shareholders of the Company. If you become an Eligible Shareholder and you wish to participate in the Shortfall Offer you should follow the directions in the Entitlement and Acceptance Form and section 6 of the Offer Document

The Shortfall Offer will be a separate offer made pursuant to the Offer Document and may remain open for up to two months after the Closing Date. The issue price of the Shortfall Shares will be \$0.004 each, being the same price as the New Shares being offered under the Entitlement Offer.

## Non-Renounceable

The rights to New Shares under the Offer are non-renounceable. Accordingly, there will be no trading of rights on ASX and, if you become an Eligible Shareholder, you may not dispose of your rights to subscribe for New Shares to any other party. If you become an Eligible Shareholder and you do not take up your entitlement by the Closing Date, the Entitlement Offer to you will lapse and your entitlement will form part of the Shortfall Shares.

## Offer Document

The Company lodged the Offer Document with ASX on 15 November 2016, and is available on the ASX website at [www.asx.com.au](http://www.asx.com.au). The Company expects to dispatch the Offer Document to Eligible Shareholders of the Company on or about 21 November 2016. The Offer Document will outline the Entitlement Offer in detail.

You are encouraged to read the Offer Document in full before making a decision in respect to the Entitlement Offer. If you wish to participate in the Entitlement Offer you should follow the directions regarding exercise of your Options above and the directions in the Entitlement and Acceptance Form and section 6 of the Offer Document. This letter is to inform you of the Entitlement Offer. You are not required to do anything in respect to this letter.

The directors of the Company recommend that if you are in doubt as to the value of the Entitlement Offer then you should contact your financial advisor.

For further information in relation to the Entitlement Offer:

- (a) see the Offer Document lodged with ASX on 15 November 2016, and available at [www.asx.com.au](http://www.asx.com.au); or
- (b) contact the Company on +61 (0)2 800 33 438 between 8.30am and 5pm (AEST) Monday to Friday..

Yours sincerely

Barnaby Egerton-Warburton  
Managing Director