

# Appendix 4E

## Full Year Report

Name of entity

ENEABBA GAS LIMITED

ABN or equivalent company  
reference

69 107 385 884

Financial year ended ('current period')

30 June 2017

**Results for announcement to the market  
(All comparisons to year ended 30 June 2016)**

	2017	2016	Change %
Revenues from continuing operations	11,696	36,206	Decrease 68%
Profit / (Loss) from ordinary activities after tax attributable to members*	968,197	(1,636,474)	Increase 159%
Net profit / (loss) for the year attributable to members*	968,197	(1,636,474)	Increase 159%
<b>Dividends (distributions)</b>	Amount per security	Franked amount per security	
Final dividend	None	- ¢	
Interim dividend			
Previous corresponding period	None	- ¢	
Record date for determining entitlements to the dividend	N/A		

	30/06/17	30/06/16
Net tangible asset backing per ordinary security (excludes exploration and evaluation expenditure)	0.23 cents	0.66 cents

\*The change from the prior year result is primarily due to the gain on sale arising from the UIL transaction and further impairment of Property, Plant and Equipment during the financial year.

**Compliance statement**

- 1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX.
- 2 This report, and the accounts upon which the report is based (if separate), use the same accounting policies.
- 3 This report does give a true and fair view of the matters disclosed.
- 4 This report is based on +accounts to which one of the following applies.

<input type="checkbox"/>	The accounts have been audited.	<input type="checkbox"/>	The accounts have been subject to review.
<input checked="" type="checkbox"/>	The accounts are in the process of being audited or subject to review.	<input type="checkbox"/>	The accounts have <i>not</i> yet been audited or reviewed.

Sign here:  
(Company Secretary)

Date: 31 August 2017

Print name: Gabriel Chiappini



**Eneabba**  
**Gas Limited**

**PRELIMINARY FINAL RESULTS**  
**for the year ended 30 June 2017**



**ENEABBA GAS LIMITED**  
**PRELIMINARY FINAL RESULTS**  
**ABN: 69 107 385 884**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
For the year ended 30 June 2017

	Note	Consolidated 2017 \$	Consolidated 2016 \$
<b>Continuing Operations</b>			
<b>Revenue</b>			
Finance income	3	4,577	25,280
Other income		7,119	10,926
<b>Total revenue</b>		<b>11,696</b>	<b>36,206</b>
<b>Costs</b>			
Depreciation	11(b)	(7,023)	(13,352)
Employee benefits expenses		(153,441)	(142,067)
Feasibility study		-	(11,133)
Other expenses		(223,322)	(294,647)
Share based payments	14	(21,335)	(123,438)
<b>Total costs from continuing operations</b>		<b>(405,121)</b>	<b>(584,637)</b>
<b>Loss before income tax expense</b>		<b>(393,425)</b>	<b>(548,431)</b>
Income tax benefit	6	-	-
<b>Loss for the year from continuing operations</b>		<b>(393,425)</b>	<b>(548,431)</b>
<b>Discontinued Operations</b>			
Gain on sale of subsidiaries	16	1,982,108	-
Transaction costs	16	(73,550)	(295,471)
Impairment expense	16	(546,936)	(792,572)
<b>Gain (Loss) after income tax for the year</b>		<b>968,197</b>	<b>(1,636,474)</b>
Other Comprehensive Income		-	-
<b>Total Comprehensive Gain (Loss) for the year</b>		<b>968,197</b>	<b>(1,636,474)</b>
<b>Basic and diluted Gain (Loss) per share</b>			
Basic and diluted Gain (Loss) per share from continuing operations – cents per share	5	(0.11)	(0.51)
Basic and diluted Gain (Loss) per share from discontinued operations – cents per share	5	0.37	(0.11)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

**ENEABBA GAS LIMITED**  
**PRELIMINARY FINAL RESULTS**  
**ABN: 69 107 385 884**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 June 2017

	Note	Consolidated 30 June 2017 \$	Consolidated 30 June 2016 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	879,952	827,165
Receivables	8	14,467	15,549
Prepayments		5,169	7,321
Non-current assets held for sale	9	320,000	1,842,309
<b>Total current assets</b>		<b>1,219,588</b>	<b>2,692,344</b>
<b>Non-current assets</b>			
Exploration and evaluation expenditure	10	-	-
Capitalised acquisition costs	12	-	-
Property, plant and equipment	11	-	873,959
<b>Total non-current assets</b>		<b>-</b>	<b>873,959</b>
<b>TOTAL ASSETS</b>		<b>1,219,588</b>	<b>3,566,303</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables – continuing operations	13	56,737	59,658
Trade and other payables – discontinued operations	16	-	968,921
<b>Total current liabilities</b>		<b>56,737</b>	<b>1,028,579</b>
<b>TOTAL LIABILITIES</b>		<b>56,737</b>	<b>1,028,579</b>
<b>NET ASSETS</b>		<b>1,162,851</b>	<b>2,537,724</b>
<b>EQUITY</b>			
Issued capital	14	11,886,845	14,255,958
Reserves	14	144,773	249,310
Accumulated losses		(10,868,767)	(11,967,544)
<b>TOTAL EQUITY</b>		<b>1,162,851</b>	<b>2,537,724</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

**ENEABBA GAS LIMITED**  
**PRELIMINARY FINAL RESULTS**  
**ABN: 69 107 385 884**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended 30 June 2017

	Note	Issued Capital \$	Option Reserve \$	Accumulated Losses \$	Total Equity \$
<b>Consolidated 2016</b>					
Total equity at the beginning of the year		14,249,958	128,625	(10,333,823)	4,044,760
Total comprehensive loss for the year		-	-	(1,636,474)	(1,636,474)
<b>Transactions with equity holders:</b>					
Share-based payments	14	-	123,438	-	123,438
Issued capital	14	-	-	-	-
Options exercised		6,000	(2,753)	2,753	6,000
<b>Total equity at 30 June 2016</b>		<b>14,255,958</b>	<b>249,310</b>	<b>(11,967,544)</b>	<b>2,537,724</b>
<b>Consolidated 2017</b>					
Total equity at the beginning of the year		14,255,958	249,310	(11,967,544)	2,537,724
Total comprehensive income for the year		-	-	968,197	968,197
<b>Transactions with equity holders:</b>					
Share-based payments	14	-	21,335	-	21,335
Issued capital		802,612	-	-	802,612
Share issue costs		(8,308)	-	-	(8,308)
Options expired		-	(125,872)	125,872	-
Return of capital		(4,123,417)	-	-	(4,123,417)
Shares issued to Black Rock		960,000	-	-	960,000
Other		-	-	4,708	4,708
<b>Total equity at 30 June 2017</b>		<b>11,886,845</b>	<b>144,773</b>	<b>(10,868,767)</b>	<b>1,162,851</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**ENEABBA GAS LIMITED**  
**PRELIMINARY FINAL RESULTS**  
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**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended 30 June 2017

	Note	Consolidated 2017 \$	Consolidated 2016 \$
<i>Cash flows from operating activities</i>			
Interest received		4,577	25,280
Other income		7,119	10,926
Payments to suppliers and employees		(246,426)	(281,678)
Power station feasibility costs		-	(16,826)
Project marketing cost		(45,000)	(41,000)
Project due diligence		(186,787)	(92,742)
Net cash (used) in discontinued operations		-	(276,280)
<b>Net cash (used in) operating activities</b>		<b>(466,517)</b>	<b>(672,320)</b>
<i>Cash flows from investing activities</i>			
Cash paid on acquisition of subsidiary		(275,000)	(6,506)
<b>Net cash (used in) investing activities</b>		<b>(275,000)</b>	<b>(6,506)</b>
<i>Cash flows from financing activities</i>			
Proceeds from share issue		802,612	6,000
Capital raising costs		(8,308)	-
<b>Net cash flows provided by financing activities</b>		<b>794,304</b>	<b>6,000</b>
Net (decrease) in cash and cash equivalents		52,787	(672,826)
Cash and cash equivalents at the beginning of the year		827,165	1,499,991
<b>Cash and cash equivalents at the end of the year</b>	7	<b>879,952</b>	<b>827,165</b>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

**ENEABBA GAS LIMITED**  
**PRELIMINARY FINAL RESULTS**  
**ABN: 69 107 385 884**

**NOTE 1: REPORTING ENTITY**

Eneabba Gas Limited (the "Company") is a company domiciled in Australia. The consolidated financial report of the Company as at and for the year to 30 June 2017 comprises the Company and its subsidiaries (collectively referred to as the "Group").

**NOTE 2: BASIS OF PREPARATION**

This General Purpose Financial Report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (including Australian Interpretations), the *Corporations Act 2001*, and other requirements of the law.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Standards (IFRS).

Eneabba Gas Limited was incorporated in Australia on 12 December 2003 and is a company limited by shares. The financial report is presented in the functional currency of the Group, being Australian Dollars.

**NOTE 3: INCOME**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Finance income</b>		
Interest income	4,577	25,280
<b>Total finance income</b>	<b>4,577</b>	<b>25,280</b>

**NOTE 4: SIGNIFICANT PROFIT / (LOSS) ITEMS**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Profit / loss before income tax is determined after crediting (charging) the following items:		
Finance revenue – banks	4,577	25,280
Depreciation of plant and equipment	(7,023)	(6,974)
Share based payments	(21,335)	(123,438)
<b>Total</b>	<b>(23,781)</b>	<b>(105,132)</b>

**NOTE 5: GAIN (LOSS) PER SHARE**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Basic and diluted (loss) per share – cents – continuing operations	(0.11)	(0.51)
(Loss) used in the calculation of basic and diluted loss per share – continuing operations	(393,425)	(1,341,003)
Basic and diluted gain per share – cents – discontinued operations	0.37	(0.11)
Gain used in the calculation of basic and diluted loss per share – discontinued operations	1,361,622	(295,471)



**ENEABBA GAS LIMITED**  
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**NOTE 5: GAIN (LOSS) PER SHARE (CONTINUED)**

Weighted average number of ordinary shares outstanding during the year used in calculation of basic loss per share – continued and discontinued operations

501,632,187      260,955,542

Weighted average number of ordinary shares outstanding during the year used in calculation of diluted loss per share – continued and discontinued operations

368,933,089      219,417,378

Options outstanding during the year have not been taken into account in the calculation of the weighted average number of ordinary shares as they are considered anti-dilutive.

**NOTE 6: INCOME TAX**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Profit (Loss) before tax	968,197	(1,636,474)
Tax at the statutory rate of 27.5% (2015: 30%):	266,254	(490,942)
Effect of tax losses and tax offsets not recognised as deferred tax assets	(266,254)	490,942
<b>Income tax benefit recognised in profit or loss</b>	<b>-</b>	<b>-</b>

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Tax losses	3,647,016	3,913,270

The tax losses do not expire under current tax legislation and have been disclosed on a tax effected basis.

Deferred tax assets have not been recognised in respect of these items because, pending commercial operations, it is not yet probable that future taxable profit will be available against which the Group can utilise these benefits.

**Tax Consolidation**

Eneabba Gas Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the Tax Consolidation Regime. Each entity in the group recognises its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity.

**NOTE 7: CASH AND CASH EQUIVALENTS**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Reconciliation to Statement of Financial Position</b>		
Cash at bank	879,952	827,165
Total cash and cash equivalents <sup>(1)</sup>	<b>879,952</b>	<b>827,165</b>

<sup>(1)</sup> Cash at bank is subject to floating interest rates at an effective interest rate of 0.60% (2016: 1.36%)

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**NOTE 8: TRADE AND OTHER RECEIVABLES**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Current		
Other receivables <sup>(1)</sup>	14,467	15,549
<b>Total trade and other receivables (net of GST)</b>	<b>14,467</b>	<b>15,549</b>

<sup>(1)</sup> Other receivables are non-trade receivables, are non-interest bearing and have an average term of 3 months and generally receivable from the ATO for GST.

The above amounts do not bear interest and their carrying amount is equivalent to their fair value.

**NOTE 9: NON-CURRENT ASSETS HELD FOR SALE**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Current		
Opening balance:	1,842,309	-
Completion of the acquisition of the Ocean Hill Project <sup>1</sup>	299,000	-
Transferred from Exploration and Evaluation expenditure (note 11)	-	1,791,506
Transferred from Other non current assets (note 13)	-	50,803
Asset disposed <sup>2</sup>	(2,141,309)	-
Transfer from property, plant & equipment <sup>3</sup>	320,000	-
<b>Total non-current assets held for sale</b>	<b>320,000</b>	<b>1,842,309</b>

<sup>1</sup> During the period, the purchase of the Ocean Hill Project from Black Rock Mining Ltd was completed. The Company negotiated a reduced cash consideration of \$200,000 from \$300,000. The fair value of the 40,000,000 shares issued to Black Rock was \$960,000 at the time of transfer which had increased \$400,000 from 30 June 2016.

<sup>2</sup> On 7 September 2016, the Company announced it had completed an agreement with ASX Listed UIL Energy Ltd to dispose of 100% of Ocean Hill Pty Ltd and GCC Methane Pty Ltd, which held the Eneabba Gas projects.

The terms of the transaction were that the Group received 55,000,000 fully paid ordinary shares in the capital of UIL Energy Ltd (ASX:UIL) and 35,000,000 Class B Convertible Preference Shares in UIL Energy Ltd (subject to certain milestones). The disposal of the subsidiaries gave rise to a gain on sale of \$1,982,107 to the Group.

On 20 September 2016, Eneabba Gas Ltd announced that it had completed an in-specie return of capital to its shareholders of the 55,000,000 fully paid ordinary shares and the 35,000,000 Class B Convertible Preference Shares in UIL Energy Ltd. The shares were valued at \$4,123,417 (note 4). The Company retained a liability of \$75,000 relating to Native Title costs, which was settled during the year.

<sup>3</sup> Land and improvements with a fair value, less costs to sell, of \$320,00 was transferred from property, plant and equipment to held for sale. On transfer \$546,936 was recognised as impairment. The land is carried at fair value less costs to sell.

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**NOTE 10: EXPLORATION AND EVALUATION EXPENDITURE**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Exploration and evaluation expenditure	-	-
Carrying amount at beginning of year	-	850,000
Additions	-	6,506
Deferred consideration on acquisition of permit (i)	-	935,000
Transfer to Non-current assets held for sale (note 10)	-	(1,791,506)
<b>Carrying amount at year end – exploration and evaluation phase</b>	<b>-</b>	<b>-</b>

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phase is dependent on the successful development and commercial exploitation or sale of the respective areas.

(i) As the acquisition of the Ocean Hill permit from Black Rock Mining Limited was considered to be probable at the prior year balance date, the remaining consideration of \$935,000 had been brought to account at that date. This consideration comprised the issue of 40 million shares (value at \$0.014 cents for a total of \$560,000), the payment of \$300,000 to Black Rock and the payment of \$75,000 for native title costs. Refer to Note 9 for further information.

**Exploration Commitments**

In order to maintain rights of tenure to its exploration permit, the Group has certain obligations to perform minimum exploration work and expend minimum amounts of money.

These commitments may be varied as a result of renegotiations, relinquishments, farm-outs, sales or carrying out work in excess of the permit obligations. The minimum expenditure required by the Group on its exploration permit as at the balance sheet date for the next 12 months as required by the Department of Mines & Petroleum is given below. Commitments beyond this time frame cannot be estimated reliably as minimum expenditure requirements are reassessed annually. These commitments have not been provided for in the financial report, and are payable as follows:

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Within one year	-	989,500
Within two years to five years	-	3,125,000
Later than five years	-	-
<b>Total</b>	<b>-</b>	<b>4,114,500</b>

**ENEABBA GAS LIMITED**  
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**NOTE 11: PROPERTY, PLANT AND EQUIPMENT**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
<b>(a) Carrying Values</b>	<b>\$</b>	<b>\$</b>
Freehold land at fair value	320,000	755,000
Fencing and fire mitigation at written down value	-	117,827
Storage container at written down value	-	1,132
<b>Total</b>	<b>320,000</b>	<b>873,959</b>
<b>(b) Total Depreciation Expense</b>	<b>7,023</b>	<b>13,352</b>

**(c) Reconciliations**

Reconciliations of the carrying amounts for each class of property, plant and equipment are as follows:

**Freehold land**

Carrying amount at beginning of year	755,000	1,547,572
Impairment expense (i)	(435,000)	(792,572)
<b>Carrying amount at end of year</b>	<b>320,000</b>	<b>755,000</b>

**Fencing and fire mitigation**

Carrying amount at beginning of year	117,827	131,056
Depreciation expense	(5,891)	(13,229)
Impairment expense	(111,936)	
<b>Carrying amount at end of year</b>	<b>-</b>	<b>117,827</b>

**Storage container**

Carrying amount at beginning of year	1,132	1,255
Depreciation expense	(1,132)	(123)
<b>Carrying amount at end of year</b>	<b>-</b>	<b>1,132</b>

- (i) The directors resolved to impair the value of the freehold land based on comments obtained from an independent valuer.

**NOTE 12: OTHER NON-CURRENT ASSETS**

	<b>Consolidated</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Other Non-Current Assets</b>		
Acquisition costs of Ocean Hill gas project	-	50,803
Transfer to Non-current asset held for sale (note 10)	-	(50,803)
<b>Total Other Non-Current Assets</b>	<b>-</b>	<b>-</b>

**NOTE 13: TRADE AND OTHER PAYABLES**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Trade and other payables – continuing operations <sup>(1)</sup>	37,121	32,658
Accruals	19,616	27,000
	<b>56,737</b>	<b>59,658</b>

<sup>(1)</sup> Trade payables are non-interest bearing and are normally settled on 30-day terms.

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**NOTE 14: ISSUED CAPITAL & RESERVES**

**CONSOLIDATED 2017**

	<b>No.</b>	<b>\$</b>
<b>(a) Issued and Paid Up Capital</b>		
Fully paid ordinary shares	<b>501,632,187</b>	<b>11,886,845</b>

**(b) Movements in fully paid shares on issue**

Balance as at 1 July 2016	260,979,312	14,255,958
Issue of shares	40,000,000	960,000
Entitlement issue	200,652,875	802,612
Issue costs	-	(8,308)
Return of capital	-	(4,123,417)
<b>Balance as at 30 June 2017</b>	<b>501,632,187</b>	<b>11,886,845</b>

**(c) Option Reserve**

Balance as at 1 July 2016	32,700,000	249,310
Share based payment	-	21,335
Expiry of options	(14,700,000)	(125,872)
<b>Balance as at 30 June 2017</b>	<b>18,000,000</b>	<b>144,773</b>

**CONSOLIDATED 2016**

	<b>No.</b>	<b>\$</b>
<b>(a) Issued and Paid Up Capital</b>		
Fully paid ordinary shares	<b>260,979,312</b>	<b>14,255,958</b>

**(b) Movements in fully paid shares on issue**

Balance as at 1 July 2015	260,679,312	14,249,958
Exercise of options	300,000	6,000
<b>Balance as at 30 June 2016</b>	<b>260,979,312</b>	<b>14,255,958</b>

**(c) Option Reserve**

Balance as at 1 July 2015	15,000,000	128,625
Expiry of options	(300,000)	(2,753)
Issue of options to Directors and employees	18,000,000	123,438
<b>Balance as at 30 June 2016</b>	<b>32,700,000</b>	<b>249,310</b>

As at the year end the Company had a total of 18,000,000 unissued ordinary shares on which options are outstanding with a weighted average exercise price of 5.63 cents. The remaining contractual life of all share options outstanding at the end of the year is 1.38 years. 14,700,000 options expired on 30 June 2017 and no options were exercised during the current year. The remaining 18,000,000 options are due to expire on 16 November 2018 (which have varying vesting conditions as shown below).

Nature and purpose of reserves

Option reserve

The option reserve is used to recognise the fair value of all options on issue but not yet exercised.

No options were issued during the year ended 30 June 2017.

The exercise price of the remaining 18,000,000 options that were issued in the year ended 30 June 2016, were reset as part of the UIL Transaction. Details of the revised options are outlined below.

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**NOTE 14: ISSUED CAPITAL & RESERVES (CONTINUED)**

2017						
Granted	Terms & Conditions					
#	Grant Date	Fair Value at Grant Date	Exercise Price per Option	Expiry Date	First Exercise Date	Last Exercise Date
7,000,000	10 Nov 2015	\$0.0134	\$0.0463	16 Nov 2018	10 Nov 2015	16 Nov 2018
2,000,000	10 Nov 2015	\$0.0134	\$0.0463	16 Nov 2018	Milestone	16 Nov 2018
7,000,000	10 Nov 2015	\$0.0115	\$0.0663	16 Nov 2018	16 Sept 2016	16 Nov 2018
2,000,000	10 Nov 2015	\$0.0115	\$0.0663	16 Nov 2018	Milestone	16 Nov 2018

There are no voting rights attached, the options are not transferable and they may be exercised at any time until 16 November 2018, if they have vested successfully and are not subject to an escrow period.

**NOTE 15: SHARE BASED PAYMENTS**

**Share-based payment transactions**

The Group has an ownership-based compensation scheme for executives and senior employees. In accordance with the terms of the plan, as approved by shareholders at a previous annual general meeting, executives and senior employees may be granted options to purchase ordinary shares.

Each employee share option converts into one ordinary share of Eneabba Gas Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The number of options granted is calculated in accordance with the performance-based formula approved by shareholders at a previous annual general meeting and is subject to approval by the remuneration committee. The formula rewards executives and senior employees to the extent of the consolidated entity's and the individual's achievement judged against both qualitative and quantitative criteria from the following financial and customer service measures:

- Improvement in share price
- Improvement in net profit
- Improvement in return to shareholders
- Reduction in warranty claims
- Results of client satisfaction surveys
- Reduction in rate of staff turnover

Director and Employee Options

The options issued to Directors and Employees were issued on the terms and conditions as detailed in Note 15 above.

No options were issued in the year ended 30 June 2017.

**NOTE 16: DISCONTINUED OPERATIONS**

During the year, Eneabba Gas Ltd completed the sale of its Perth Basin exploration interests, which include 100% of the Ocean Hill project and its 50% interest in EP447, to UIL Energy Limited (ASX: UIL).

Pursuant to the agreement, UIL purchased Eneabba Gas's two subsidiaries, Ocean Hill Pty Ltd and GCC Methane Pty Ltd that respectively own the Ocean Hill prospect (EPA90) and 50% of EP447 (providing UIL Energy with 100% of EP447).

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**NOTE 16: DISCONTINUED OPERATIONS (CONTINUED)**

UIL Energy issued to Eneabba Gas a total of 90 million convertible redeemable preference shares in UIL Energy (CRPS) which Eneabba Gas distributed pro-rata to its shareholders. Immediately upon distribution to the shareholders of Eneabba Gas, 55 million of those CRPS automatically converted into 55 million ordinary shares in UIL that rank equally with current UIL ordinary shares. The remaining 35 million convertible redeemable preference shares (CRPS) distributed to the shareholders of Eneabba Gas will later convert into ordinary UIL Energy shares in the event of successful results from drilling Ocean Hill#2 well.

Items of profit or loss relating to the discontinued operation are summarised as follows:

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Gain on sale of subsidiary	1,982,108	-
Transaction costs	(73,550)	(295,471)
Impairment expense	(546,936)	(792,572)
<b>Gain (Loss) from discontinued operations before tax</b>	<b>1,361,622</b>	<b>(1,088,043)</b>

Land and improvements with a fair value, less costs to sell, of \$320,000 was transferred from property, plant and equipment to held for sale. On transfer \$546,936 was recognised as impairment.

The carrying amounts of assets and liabilities in these discontinued operations are summarised as follows:

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<i>Non-current Assets:</i>		
Non-current assets held for sale	320,000	-
<b>Assets classified as discontinued operations</b>	<b>320,000</b>	<b>-</b>
<i>Current liabilities:</i>		
Trade and other payables	-	33,921
Deferred consideration on acquisition of permit (note 11)	-	935,000
<b>Liabilities classified as discontinued operations</b>	<b>-</b>	<b>968,921</b>