Eneabba Gas Limited

ANNUAL REPORT
for the year ended 30 June 2017

ENEABBA GAS LIMITED
ABN: 69 107 385 884

CONTENTS

This Annual Report covers Eneabba Gas Limited ("Eneabba" or the "Company") as a Group consisting of Eneabba Gas Limited and its subsidiaries, collectively referred to as the "Group". The financial report is presented in Australian currency.

Eneabba Gas Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Eneabba Gas Limited
50 Ord Street
West Perth WA 6005

The Company has the power to amend and reissue the financial report.

ENEABBA GAS LIMITED
ABN: 69 107 385 884

CORPORATE INFORMATION

Directors:
Barnaby Egerton-Warburton
Executive Director

Gabriel Chiappini
Non-Executive Director

Justin Barton
Non-Executive Director

Registered & Principal Office:
50 Ord Street
WEST PERTH WA 6005
Telephone: + 618 9482 0555
Facsimile: + 618 9482 0505
Email: info@eneabbagas.com.au
Website: www.eneabbagas.com.au

Postal Address:
P.O. Box 902
WEST PERTH WA 6872

Company Secretary:
Gabriel Chiappini

Home Securities Exchange:
Australian Securities Exchange Limited
Level 40, Central Park
152-158 St George's Terrace
PERTH WA 6000

Auditors:
HLB Mann Judd
Level 4, 130 Stirling Street
PERTH WA 6000

ASX Code:
ENB (Ordinary Shares)

Bankers:
Westpac Banking Corporation
109 St Georges Terrace
PERTH WA 6000

Share Registry:
Security Transfers Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153
Telephone: +618 9315 2333

Solicitors:
Hopgood Ganim
Level 27, Allendale Square,
77 St Georges Tce, Perth, WA 6000

DIRECTORS' REPORT

Your Directors have pleasure in submitting their report together with the financial statements of the Company and its subsidiaries it controlled during the period, for the year ended 30 June 2017. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:-

DIRECTORS

The names and details of Directors in office at any time during or since the end of the year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated:

Barnaby Egerton-Warburton, B. Ec. GAICD - Managing Director

EXPERIENCE AND EXPERTISE

Mr Egerton-Warburton holds a Bachelor of Economics and is a graduate of the Australian Institute of Company Directors. Mr Egerton-Warburton has over 25 years of investment banking, international investment and market experience. He has spent the last six years as principal of BXW Ventures Fund, a fund that invests in the technology and energy sector. Prior to this he has held positions with investment banks in Perth, Sydney, New York and Hong Kong, including JP Morgan, BNP Equities (New York) and Prudential Securities (New York).

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES

Non-Executive Director – Isignthis Ltd
Non-Executive Director – Global Geoscience Limited
Non-Executive Director – Interpose Ltd

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS

Green Rock Energy Limited (renamed to Black Rock Mining Limited) (appointed 15 March 2013, and resigned on 22 January 2015)
Intermet Resources Limited (appointed 17 January 2013, and resigned 9 October 2014)

Gabriel Chiappini - Non-Executive Director (Appointed 22 September 2016)

EXPERIENCE AND EXPERTISE

Mr Chiappini is a Chartered Accountant with over 20 years' experience as a finance professional and member of Australian Institute of Company Directors. For the past 10 years, Mr Chiappini has been managing a private consulting firm (Laurus Corporate Services) offering Non-Executive Director and Company Secretarial Services to a variety of ASX listed companies. Mr Chiappini has extensive experience providing advice and services on equity raisings and divestment and acquisition strategies and is an experienced company director.

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES

Non-Executive Director – Interpose Ltd
Non-Executive Director - Black Rock Mining Limited
Non-Executive Director – Global Geo Science Limited
Non-Executive Director – Fastbrick Robotics Limited
Non-Executive Director – Scotgold Resources Limited

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS

Non-Executive Chairman – Fastbrick Robotics Limited

Justin Barton - Non-Executive Director (Appointed 1 March 2017)

EXPERIENCE AND EXPERTISE

Mr Barton is a Chartered Accountant with over 20 years' experience in finance and the mining industry. For the past 10 years, Mr Barton has held Board positions and been the CFO of various ASX listed companies and has extensive experience advising companies in Australasia, Africa, Europe and North America.

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES

Non-Executive Director – Interpose Ltd

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS

Non-Executive Director – Eclipse Metals Limited

Garry Marsden, B.Sc. (Hons) Applied Geology - Non-Executive Chairman (Resigned 22 September 2016)

EXPERIENCE AND EXPERTISE
Mr Marsden is an experienced oil and gas manager, with a degree in Petroleum Geology and a strong recent track record in investor communications and commercial management and retains an extensive contact network in the Australian oil and gas industry.

Mr Marsden worked for over a decade at AWE Limited, as Corporate Development Manager and Business Development Manager and more recently has acted as a Consultant to the oil and gas industry. Mr Marsden is a member of PESA and a Member of the Australian Institute of Company Directors.

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES
Nil

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS
Nil

Morgan Barron, B.Com (UWA), C.A. S.A.Fin, GAICD – Non-Executive Director (Resigned 22 September 2016)

EXPERIENCE AND EXPERTISE
Mr Barron is a Chartered Accountant and has over 15 years in corporate advisory. Mr Barron has advised and guided many companies undertaking fundraising activities in Australia and seeking to list on the ASX.

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES
Non-Executive Director – Latitude Consolidated Limited
Non-Executive Director – Timpetra Resources Limited

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS
Nil

Thomas L. Goh, B.Sc - Non-Executive Director (Resigned 28 February 2017)

EXPERIENCE AND EXPERTISE
Mr Goh has acquired years of extensive experience in the petroleum exploration industry through working with seismic contractor companies (in Singapore), a major international oil company and an Australian group of companies in Australia.

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES
Nil

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS
Nil

Company Secretary

Mr Gabriel Chiappini (UWA), C.A. (Appointed 22 September 2016)

Refer page 2 for overview of Mr Chiappini's experience and expertise.

ENEABBA GAS LIMITED
ABN: 69 107 385 884

PRINCIPAL ACTIVITIES

Eneabba Gas Limited is a diversified Australian Energy company. Eneabba Gas Limited owns the fully permitted rights to construct and operate the 168MW Centauri-1 Power Station.

RESULTS

The net consolidated profit after tax attributable to members of the Company for the year ended 30 June 2017 amounted to $968,197 (2016: loss $1,636,474). Profit for the year contained a gain from discontinued operations of $1,361,622.

DIVIDENDS

There were no dividends paid or declared during the year.

OPERATING AND FINANCIAL REVIEW

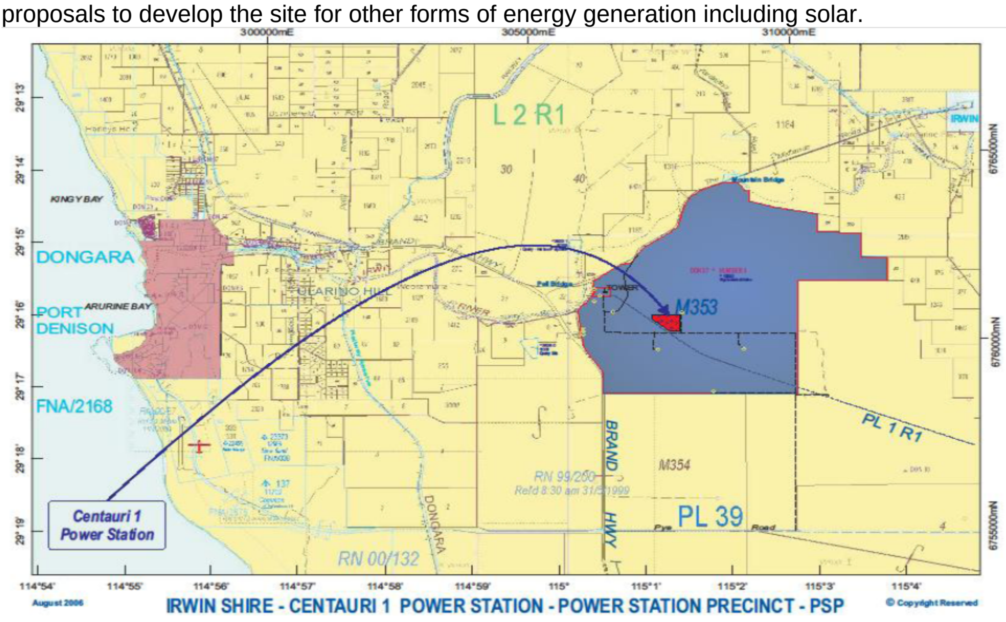
Over the previous twelve months the company finalised the acquisition of the Ocean Hill Gas exploration project from Black Rock Mining (ASX-BKT) and subsequently bundled this project together with its 50% ownership of EP 477 and divested both projects to ASX listed gas explorer UIL Energy Limited (ASX-UIL). All shareholders in ENB, at the record date, received new listed shares in UIL Energy Ltd. The sale of the company's Perth Basin exploration assets significantly de-risked the company from fluctuations in global energy project valuations as a result of the devaluation of hydrocarbons that began to occur in the second half of 2014.

While the aim of acquiring these gas exploration projects initially was to provide a company owned supply of natural gas to our proposed gas fired power station located just to the east of Dongara in Western Australia, the new gas and oil price paradigm indicated that funding of exploration for these projects was becoming increasingly difficult and unlikely. The decision to divest and merge our Perth Basin assets with UIL was based on giving ENB shareholders participation in a company that control over 700,000 acres of 100% owned and operated highly prospective gas exploration acreage in the basin. This gave ENB shareholders upside from further direct development of the Centauri Power station project or other opportunities identified by the company going forward.

Looking forward to the 2017-18 year your board continue to remain fiscally responsible. Administration costs are down 62% year on year. The board has spent the last six months aggressively looking at options for the Centauri Power Station along with performing due diligence on multiple complimentary and new business lines for the company to pursue.

Centauri-1 Power Station Concept and power business

The Centauri-1 project is located 8 kilometres east of Dongara, Western Australia. The proposed 168 MW gas fired power station sits in the centre of a 4,400-acre land package owned by the Company. The Directors continue to evaluate options for the development of the power station under the current economic climate and have seen several proposals to develop the site for other forms of energy generation including solar.



DIRECTORS' REPORT (CONTINUED)

Corporate Activities

The Company's cash balance at 30 June 2017 was $879,952.

Financial Position

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group has generated a comprehensive profit after tax for the year ended 30 June 2017 of $968,197 (2016: loss $1,636,474), had a net working capital surplus of $1,162,851 at 30 June 2017 (2016: $1,663,765) and experienced net cash outflows from operating activities for the year of $466,518 (2016: $672,320).

Accordingly, the Directors believe that there are sufficient funds to meet the Group's working capital requirements.

The Directors consider the going concern basis of preparation to be appropriate based on forecast cash flows and have confidence in the Company's ability to raise additional funds if required.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Group that occurred during the financial year not otherwise disclosed in this report or the financial statements.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No other matters or circumstances have arisen since the end of the year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

ENVIRONMENTAL REGULATION

The Directors believe that the Group has, in all material respects, complied with all particular and significant environmental regulations relevant to its operations.

The Group's operations are subject to various environmental regulations under the Federal and State Laws of Australia. Approvals, licences and hearings and other regulatory requirements are performed as required by the management of Eneabba for each permit or lease in which the Group has an interest.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company has paid a premium of $12,405 excluding GST (2016: $8,000) to insure the Directors and secretary of the Company.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

DIRECTORS INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

As at the date of this report, the interests of the Directors in ordinary shares and options of the Company were:

	Shares		**Options**	
Director	***Held Directly***	***Held Indirectly***	***Held Directly***	***Held Indirectly***
Barnaby Egerton-Warburton	-	3,472,222	10,000,000	-
Gabriel Chiappini	303,975	-	-	-
Justin Barton	-	-	-	-
TOTAL	**303,975**	**3,472,222**	**10,000,000**	**-**

MEETINGS OF DIRECTORS

During the financial year, 4 meetings of Directors, were held with the following attendances:

Directors	Meetings Attended	Meetings Eligible to Attend
Barnaby Egerton-Warburton	4	4
Gabriel Chiappini[1]	2	2
Justin Barton[2]	0	0
Morgan Barron[3]	2	2
Garry Marsden[4]	2	2
Thomas Goh[5]	3	3

[1] Mr Chiappini was appointed as Non-Executive Director on 22 September 2016.
[2] Mr Barton was appointed as Non-Executive Director on 1 March 2017.
[3] Mr Morgan resigned as a Director on 22 September 2016
[4] Mr Marsden resigned as a Director on 22 September 2016
[5] Mr Goh resigned as a Director on 28 February 2017

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for Directors and key management personnel of the Group for the year ended 30 June 2017. The information contained in this report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

The information provided includes remuneration disclosures that are required under Accounting Standard AASB 124 “Related Party Disclosures”. These disclosures have been transferred from the financial report.

This remuneration report details the remuneration arrangements for key management personnel (“KMP”) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes those executives in the Parent and the Group receiving the highest remuneration.

Key Management Personnel

Directors:
Mr Barnaby Egerton-Warburton (Managing Director)
Mr Gabriel Chiappini (Non-Executive Director) – Appointed 22 September 2016
Mr Justin Barton (Non-Executive Director) – Appointed 1 March 2017
Mr Garry Marsden (Non-Executive Chairman) – Resigned 22 September 2016
Mr Morgan Barron (Non-Executive Director) – Resigned 22 September 2016
Mr Thomas Goh (Non-Executive Director) – Resigned 28 February 2017

Remuneration Policy

The Group’s performance relies heavily on the quality of its Key Management Personnel (“KMP”). The Group has therefore designed a remuneration policy to align director and executive reward with business objectives and shareholder value.

Executive reward is linked to shareholder value by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group’s financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain high calibre management personnel and directors to run and manage the Group.

Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-Executive Director Remuneration

The Board policy is to remunerate non-executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

The maximum aggregate amount of fees that can be paid to non-executive Directors is subject to approval by shareholders at the Annual General Meeting and is currently set at $350,000.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Fees for non-executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and are able to participate in employee incentive option plans that may exist from time to time.

Executive Remuneration
Executive Remuneration consists of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

Fixed Remuneration
All KMPs are remunerated on a consultancy basis based on services provided by each person. The Board reviews KMP packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The fixed remuneration of the Group's KMP is detailed in the table below.

Variable Remuneration
The remuneration policy has been tailored to increase goal congruence between shareholders and directors and key management personnel. Currently, this is facilitated through the issue of options to key management personnel to encourage the alignment of personal and shareholder interests. The Group believes this policy will be effective in increasing shareholder wealth.

Principles used to determine the nature and amount of variable remuneration: relationship between remuneration and company performance

The overall level of executive reward takes into account the performance of the Group over a number of years, with greater emphasis given to the current and prior year. The main performance criteria used in determining the executive reward remuneration is increasing shareholder value through aligning the Group with high quality exploration assets. Due to the nature of the Group's principal activities the Directors assess the performance of the Group with regard to the price of the Company's ordinary shares listed on the ASX, and the market capitalisation of the Company.

Directors and executives are issued options to encourage the alignment of personal and shareholder interests. Options issued to Directors may be subject to market based price hurdles and vesting conditions and the exercise price of options is set at a level that encourages the Directors to focus on share price appreciation. The Group believes this policy will be effective in increasing shareholder wealth. KMP are also entitled to participate in the employee share and option arrangements.

On the resignation of Directors any vested options issued as remuneration are retained by the relevant party.

The Board may exercise discretion in relation to approving incentives such as options. The policy is designed to reward KMP for performance that results in long-term growth in shareholder value.

The Group does not currently have a policy pertaining to Directors hedging their exposure to risks associated with the Group's securities they receive as compensation.

During the year, the Board completed a self-performance evaluation at a Director and Board level.

Service Contracts
The key terms of the Non-Executive Director service agreements are as follows:

- Term of agreement – ongoing subject to annual review.
- Directors' Fees of $1,500 per month.
- There is no notice period stipulated to terminate the contract by either party.

The material terms of the remuneration package with the Managing Director, Mr Egerton-Warburton, we revised during the period and reduced to include:

- Fixed term and subject to annual review.
- Fixed Remuneration – $60,000 per annum plus statutory superannuation.

Termination Provisions – The Executive may terminate the agreement without cause by giving up to 3 months written notice. The Company may terminate the agreement without cause by giving up to 3 months written notice.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Remuneration of Directors and Executives

Details of the remuneration of the Directors and the KMP (as defined in AASB 124 *Related Party Disclosures)* of Eneabba Gas Limited are set out in the following tables.

2017	**Short Term Benefits**			**Post-Employment Benefits**	**Share Based Payments**		
Key Management Personnel	**Salary, Fees & Consulting $**	**Non-Monetary $**	**Allowances $**	**Super-annuation $**	**Options $**	**Total $**	**% of remuneration performance related**
Barnaby Egerton-Warburton	85,000	-	-	8,075	12,716	105,791	12%
Gabriel Chiappini[1]	13,500	-	-	-	-	13,500	0%
Justin Barton[2]	6,000	-	-	-	-	6,000	0%
Morgan Barron[3]	6,833	-	-	649	2,163	9,645	22%
Gary Marsden[4]	10,250	-	-	974	3,245	14,469	22%
Thomas Goh[5]	12,500	-	-	1,187	2,163	15,850	14%
Total	**134,083**	**-**	**-**	**10,885**	**20,287**	**165,255**	12%

2016	**Short Term Benefits**			**Post-Employment Benefits**	**Share Based Payments**		
Key Management Personnel	**Salary, Fees & Consulting $**	**Non-Monetary $**	**Allowances $**	**Super-annuation $**	**Options $**	**Total $**	**% of remuneration performance related**
Morgan Barron	36,667	-	-	3,483	16,512	56,662	29%
Garry Marsden	55,000	-	-	5,225	24,768	84,993	29%
Barnaby Egerton-Warburton	162,750	-	-	15,461	57,391	235,602	24%
Thomas Goh	36,667	-	-	4,683	16,512	57,862	29%
Total	**291,084**	**-**	**-**	**28,852**	**115,183**	**435,119**	**26%**

[1] Mr Chiappini was appointed as a Director on 22 September 2016
[2] Mr Barton was appointed as a Director on 1 March 2017
[3] Mr Morgan resigned as a Director on 22 September 2016
[4] Mr Marsden resigned as a Director on 22 September 2016
[5] Mr Goh resigned as a Director on 28 February 2017

Share holdings of key management personnel

The movement in the number of ordinary shares of Eneabba Gas Limited held, directly, indirectly or beneficially, by each Director, including their personally-related entities at balance date is as follows:

2017

Directors	**Held at 1 July 2016**	**Movement during year**	**Options Exercised**	**Held at 30 June 2017 or date of resignation**
Barnaby Egerton-Warburton	2,083,333	1,388,889	-	3,472,222
Gabriel Chiappini[1]	-	303,975	-	303,975
Justin Barton[2]	-	-	-	-
Garry Marsden[4]	500,000	-	-	500,000
Morgan Barron[3]	5,640,807	5,640,808	-	11,281,615
Thomas Goh[5]	9,000,000	-	-	9,000,000
Total	**17,224,140**	**7,333,672**	-	**24,557,812**

REMUNERATION REPORT (AUDITED) (CONTINUED)

2016

Directors	Held at 1 July 2015	Movement during year	Options Exercised	Held at 30 June 2016 or date of resignation
Morgan Barron	5,640,807	-	-	5,640,807
Garry Marsden	-	500,000	-	500,000
Barnaby Egerton-Warburton	2,083,333	-	-	2,083,333
Thomas Goh	9,000,000	-	-	9,000,000
Greg Allen	-	-	-	-
Total	**16,724,140**	**500,000**	-	**17,224,140**

[1] Mr Chiappini was appointed as a Director on 22 September 2016
[2] Mr Barton was appointed as a Director on 1 March 2017
[3] Mr Morgan resigned as a Director on 22 September 2016
[4] Mr Marsden resigned as a Director on 22 September 2016
[5] Mr Goh resigned as a Director on 28 February 2017

Option holdings of key management personnel
The number of options over ordinary shares in Eneabba Gas Limited held, directly, indirectly or beneficially, by each specified Director and specified executive, including their personally-related entities as at balance date is as follows:

2017

Directors	Held at 1 July 2016	Issued during the year	Exercised during the year	Held at 30 June 2017 or date of resignation	Vested and exercisable at 30 June 2017
Barnaby Egerton-Warburton	10,000,000	-	-	10,000,000	6,000,000
Gabriel Chiappini[1]	-	-	-	-	-
Justin Barton[2]	-	-	-	-	-
Garry Marsden[4]	3,000,000	-	-	3,000,000	3,000,000
Morgan Barron[3]	2,000,000	-	-	2,000,000	2,000,000
Thomas Goh[5]	2,000,000	-	-	2,000,000	2,000,000
Total	**17,000,000**	**-**	**-**	**17,000,000**	**13,000,000**

2016

Directors	Held at 1 July 2015	Issued during the year	Exercised during the year	Held at 30 June 2016	Vested and exercisable at 30 June 2016
Morgan Barron	-	2,000,000	-	2,000,000	1,000,000
Garry Marsden	-	3,000,000	-	3,000,000	1,500,000
Barnaby Egerton-Warburton	-	10,000,000	-	10,000,000	3,000,000
Thomas Goh	-	2,000,000	-	2,000,000	1,000,000
Total	**-**	**17,000,000**	**-**	**17,000,000**	**6,500,000**

[1] Mr Chiappini was appointed as a Director on 22 September 2016
[2] Mr Barton was appointed as a Director on 1 March 2017
[3] Mr Morgan resigned as a Director on 22 September 2016
[4] Mr Marsden resigned as a Director on 22 September 2016
[5] Mr Goh resigned as a Director on 28 February 2017

Other related party transactions

Transactions with other related parties are made on normal commercial terms and conditions and at market rates. Outstanding balances are unsecured and are repayable in cash.

Ventnor Capital Pty Ltd, a company of which Mr Morgan Barron is a Director, provided office accommodation, bookkeeping, Accounting, CFO, company secretarial support and corporate services in relation to the administration of the Company during the year. A mandate between Eneabba Gas Limited and Ventnor Capital Pty Ltd was signed for the above services commencing from 1st December 2011.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Laurus Corporate Services, a company of which Mr Gabriel Chiappini is a Director, provided company secretarial services during the year. A mandate between Eneabba Gas Limited and Laurus Corporate Services was agreed for a fee for $2,000, plus GST, per month, commencing on 22 September 2016.

Coventina Holdings Pty Ltd, a company of which Mr Justin Barton is a Director, provided book keeping services during the year. A mandate between Eneabba Gas Limited and Coventina Holdings Pty Ltd was agreed for a fee for $2,000, plus GST, per month, commencing on 1 October 2016.

A summary of the total fees paid and payable to related parties for the year ended 30 June 2017 is as follows:

	Consolidated	
	2017	**2016**
	$	**$**
Serviced office, company secretarial & CFO services, bookkeeping services, IT support, corporate advisory, general administration and registered office.	30,568	115,225
Company secretarial services	22,500	-
Book keeping services.	18,000	-
Financial accounting services including preparation of annual & interim reports.	-	19,825
Total	**71,068**	**135,050**

***********END OF REMUNERATION REPORT***********

LIKELY DEVELOPMENTS

Other than as disclosed elsewhere in this report, there are no likely developments in the operations of the Group that were not finalised at the date of this report. Further information as to likely developments in the operations of the Group and Company and likely results of those operations would in the opinion of the Directors, be likely to result in unreasonable prejudice to the Group.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* for the year ended 30 June 2017 has been received and can be found on page 16.

AUDITOR

HLB Mann Judd continues in office in accordance with section 327 of the Corporation Act 2001.

PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied to the Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to any such proceedings during the year.

SHARE OPTIONS

Shares under option

As at the year end and at the date of this report 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 weighted average remaining contractual life of all share options outstanding at the end of the year is 1.38 years. These options are due to expire on 16 November 2018.

14,700,000 Options expired during the current year. No options were exercised during the current year.

Signed in accordance with a resolution of the Directors made pursuant to Section 298(2) of the Corporations Act 2001.

Barnaby Egerton-Warburton
Managing Director
18 September 2017

Competent Person's Statement

The reserve and resource information contained in this announcement is based on and fairly represents information and supporting documentation prepared by and under the supervision of qualified petroleum reserves and resource evaluator: Dr Bevan Warris. Dr Warris is a Certified Petroleum Geologist BSc (Hons), PhD, AAPG, and has over 48 years' experience in petroleum exploration. Dr Warris has consented in writing to the inclusion of this information in the format and context in which it appears.

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

Except where otherwise noted, all references to "$" are to Australian dollars.

CORPORATE GOVERNANCE STATEMENT

Eneabba Gas Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of shareholders. The Group has adopted systems of control and accountability as the basis for the administration of corporate governance. The Company and its Controlled Entities together are referred to as the Group in this statement.

The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Group's needs. The Corporate Governance Statement has been structured with reference to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2014 Amendments 3rd edition to the extent that they are applicable to the Group.

Information about the Group's corporate governance practices are set out below.

THE BOARD OF DIRECTORS

The Group's Constitution provides that the number of Directors shall not be less than three. There is no requirement for any shareholding qualification.

If the Group's activities increase in size, nature and scope, the size of the Board will be reviewed periodically and the optimum number of Directors required to adequately supervise the Group's activities will be determined within the limitations imposed by the Constitution and as circumstances demand.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and application of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Group's scope of activities, intellectual ability to contribute to Board duties and physical ability to undertake Board duties and responsibilities. Performance was evaluated continuously during the reporting period.

The Board's skills matrix indicates the mix of skills, experience and expertise that are considered necessary at Board level for optimal performance of the Board. The matrix reflects the Board's objective to have an appropriate mix of industry and professional experience including skills such as leadership, governance, strategy, finance, risk, IT, HR, policy development, international business and customer relationship. External consultants may be brought it with specialist knowledge to address areas where this is an attribute deficiency in the Board.

Directors are initially appointed by the full Board, subject to election by shareholders at the next Annual General Meeting. Under the Group's Constitution the tenure of a Director (other than Managing Director, and only one Managing Director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his or her last appointment. Subject to the requirements of the Corporations Act, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a Director. A Managing Director may be appointed for the year and on any terms the Directors think fit and, subject to the terms of any agreement entered into, the appointment may be revoked on notice. Written agreements with each Director and Senior Executive setting out the terms of their appointment is obtained at election.

The Group is not currently of a size, nor are its affairs of such complexity, to justify the formation of other separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Group's activities and to ensure that it adheres to appropriate ethical standards. The Company encourages the external auditor to attend and address any security holder questions relevant to the audit.

The Company Secretary is accountable directly to the board, through the chair, on all matters to do with proper board functioning.

INDEPENDENCE

Directors have been selected to bring specific skills and industry experience to the Company. The Board has an expansive range of relevant industry experience, financial, legal and other skills and expertise to meet its objectives. The current board composition includes two independent directors in Mr Gabriel Chiappini and Mr Justin Barton, and one non-independent director Mr Barnaby Egerton-Warburton.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

When determining the independent status of each Director the board has considered whether the Director:

- Is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company.
- Is employed, or has previously been employed in an executive capacity by the Company or another Group member, and there has not been a period of at least three years between ceasing such an employment and serving on the board.
- Has within the last three years been a principal of a material professional adviser or a material consultant to the Company or another Group member, or an employee materially associated with the services provided.
- Is a material supplier or customer of the Company or other Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer.
- Has a material contractual relationship with the Company or another Group member other than as a Director.

APPOINTMENTS TO OTHER BOARDS

Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other boards.

INDEPENDENT PROFESSIONAL ADVICE

The Board has determined that individual Directors have the right in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. With the exception of expenses for legal advice in relation to Directors' rights and duties, the engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably.

GENDER DIVERSITY

The Board has a commitment to promoting a corporate culture that is supportive of diversity and encourages the transparency of Board processes, review and appointment of Directors. The Board (or if requested by the Board, the Remuneration and Nominations Committee) are responsible for developing policies in relation to the achievement of measurable diversity objectives and the extent to which they will be linked to the Key Performance Indicators for the Board, CEO and senior executives.

If requested by the Board, the Remuneration and Nominations Committee will report on the Company's progress against the objectives and its strategies for achieving a diverse workplace. The report will also include the proportion of female employees in the Company at senior management level and at Board level for inclusion in the Annual Report each financial year. A copy of the Diversity Policy can be found of the website www.eneabbagas.com.au.

The Company has not adopted an express policy specifically addressing achievement of gender diversity. Due to the current limited size of the Board, the Board does not consider it necessary to have a gender diversity policy, but will consider adopting a policy in the future. Furthermore, the Company has not set any objectives for achieving gender diversity. Should a gender diversity policy be considered appropriate for the Company in the future due to increases in size of the organisation, the policy will specifically deal with the objectives for achieving diversity.

The Company's corporate code of conduct provides a framework for undertaking ethical conduct in employment. Under the corporate code of conduct, the Company will not tolerate any form of discrimination or harassment in the workplace.

The Company currently has no female board members, senior executives or employees.

CONTINUOUS REVIEW OF CORPORATE GOVERNANCE

Directors consider, on an ongoing basis, how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as Directors of the Company. Such information must be sufficient to enable the Directors to determine appropriate operating and financial strategies from time to time in light of changing circumstances and economic conditions. The Directors recognise that UCG exploration and power station development are businesses with inherent risks and that operational strategies adopted should, notwithstanding, be directed towards improving or maintaining the net worth of the Company.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

CONTINUOUS DISCLOSURE

As a publicly listed Company, the Company has an obligation to ensure trading in its securities is conducted on a fair basis. The general continuous disclosure rules are contained in Australian Stock Exchange (ASX) Listing Rule 3.1.

The Company is obliged (subject to specific exceptions) to advise the ASX of any information that a reasonable person would except to have material effect on the price or value of Eneabba securities.

The failure to comply with ASX Listing Rule 3.1 is an offence under the Corporations Act. Thus the Company and its employees must comply with the law regarding continuous disclosure. Guidelines on Continuous Disclosure have been developed and approved by the Board to assist employees to comply with the spirit as well as the letter of the continuous disclosure laws

CODE OF CONDUCT

The Company has adopted a Code of Conduct for company executives that promotes the highest standards of ethics and integrity in carrying out their duties to the Company.

The Code of Conduct can be found on the Company's website at www.eneabbagas.com.au.

COMMUNICATIONS POLICY

In accordance with ASX Corporate Governance Recommendation 6.1 the Board has established a communication policy. The strategy is to ensure that all investors are to have equal and timely access to material information concerning the Company, including its financial position, performance, ownership and governance. The Board has delegated the function of continuous disclosure under the ASX's Listing Rules to the Managing Director and the Company Secretary, to assess the type and requirements to be disclosed to ensure that the Company announcements are made in a timely manner, are factual, do not omit material information and are in compliance with the Listing Rules.

A Company website, will invite shareholders / investors who have registered their details with the Company to be given information by later broadcast after such information has been first released to the ASX. Shareholders will be actively encouraged to attend and participate in general meetings which will be held in locations readily accessible to the majority of shareholders.

The Company Secretary will deal with any queries from shareholders, stockbrokers, analysts and specialist financial and banking individuals. No analyst, stockbroker or financial adviser will be given any access to company information, until an approval for release by the Company is confirmed by the appropriate executive

The Chairman, Managing Director and Company Secretary shall each take responsibility to ensure that they are kept up-to-date with the status of public disclosure relating to the Company. In regard to statements to the ASX/ASIC, only the Chairman, Managing Director or Company Secretary will sign these written communications, which shall not be released to the public until confirmation of receipt by the ASX/ASIC has been confirmed.

RISK MANAGEMENT SYSTEMS

The identification and management of risk, including calculated risk-taking activity is viewed by management as an essential component in creating shareholder value.

The Board of Directors is responsible for developing, maintaining and improving the Company's risk management and internal control system. The Board identifies areas of potential risks and ensures safeguards are in place to efficiently manage material business risks. A register of material business risks has been established, risks have been analysed and evaluated, risk management processes and controls are in place and reporting schedules developed. These risk management and internal control systems are in place to protect the financial statements of the entity from potential misstatement, and the Board is responsible for satisfying itself annually, or more frequently as required, that a sound system of risk management and internal control is in place.

Strategic and operational risks are reviewed at least annually as part of the forecasting and budgeting process. The Group has identified and actively monitors risks inherent in the industry in which the Group operates. There has been a review of this framework within the reporting period.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

The Board also receives a written assurance from the Managing Director and Company Secretary that to the best of his or her knowledge and belief, the declaration provided to the Board in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control, and that the system is operating effectively in relation to financial reporting risks. The Board notes that due to its nature, internal control assurance from the Company Secretary can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in internal control procedures.

ASX PRINCIPLES OF GOOD CORPORATE GOVERNANCE

The Board has reviewed its current practices in light of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2014 Amendments 3rd edition with a view to making amendments where applicable after considering the Company's size and the resources it has available.

As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of any additional formal corporate governance committees will be given further consideration.

The following table sets out the ASX Corporate Governance Guidelines with which the Company does not comply:

ASX Principle		Reference/comment
Principle 1: Lay solid foundations for management and oversight		
1.5	The Board should establish a diversity policy	The Company has not adopted an express policy specifically addressing achievement of gender diversity. Due to the current limited size of the Board, the Board does not consider it necessary to have a gender diversity policy, but will consider adopting a policy in the future. Furthermore, the Company has not set any objectives for achieving gender diversity. Should a gender diversity policy be considered appropriate for the Company in the future due to increases in size of the organisation, the policy will specifically deal with the objectives for achieving diversity. The Company's corporate code of conduct provides a framework for undertaking ethical conduct in employment. Under the corporate code of conduct, the Company will not tolerate any form of discrimination or harassment in the workplace.
Principle 2: Structure the Board to add value		
2.1	The Board should establish a nomination committee	Given the size of the Board there is no formal nomination committee. Acting in its ordinary capacity from time to time as required, the Board carries out the process of determining the need for, screening and appointing new Directors. In view of the size and resources available to the Company, it is not considered that a separate nomination committee would add any substance to this process.
Principle 4: Safeguard integrity in financial reporting		
4.1	The Board should establish an audit committee	The Company does not have an Audit Committee. The Board believes that, with only 4 Directors on the Board, the Board itself is the appropriate forum to deal with this function.
Principle 7: Recognise and manage risk		
7.1-2	The Board should establish a risk committee	The Company does not have a Risk Committee. The Board believes that, with only 4 Directors on the Board, the Board itself is the appropriate forum to deal with this function. The board continuously reviews and addresses risk facing the Company.
Principle 8: Remunerate fairly and responsibly		
8.1	The Board should establish a remuneration committee	Given the current size of the Board, the Company does not have a remuneration committee. The Board as a whole reviews remuneration levels on an individual basis, the size of the Company making individual assessment more appropriate than formal remuneration policies. In doing so, the Board seeks to retain professional services as it requires, at reasonable market rates, and seeks external advice and market comparisons where necessary.

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Eneabba Gas Limited for the year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

D I Buckley
Partner

Perth, Western Australia
18 September 2017

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2017

	Note	Consolidated 2017 $	Consolidated 2016 $
Continuing Operations			
Revenue			
Finance income	4	4,577	25,280
Other income		7,119	10,926
Depreciation	12(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	18	(21,335)	(123,438)
Total costs from continuing operations		**(405,121)**	**(584,637)**
Loss before income tax expense		**(393,425)**	**(548,431)**
Income tax benefit	7	-	-
Loss for the year from continuing operations		**(393,425)**	**(548,431)**
Discontinued Operations			
Gain on sale of subsidiaries	23	1,982,108	-
Transaction costs	23	(73,550)	(295,471)
Impairment expense	23	(546,936)	(792,572)
Profit (Loss) after income tax for the year		**968,197**	**(1,636,474)**
Other Comprehensive Income		-	-
Total Comprehensive Income (Loss) for the year		**968,197**	**(1,636,474)**
Basic and diluted Profit (Loss) per share from continuing operations – cents per share	6	(0.11)	(0.51)
Basic and diluted Profit (Loss) per share from discontinued operations– cents per share	6	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.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2017

	Note	Consolidated 30 June 2017 $	Consolidated 30 June 2016 $
ASSETS			
Current assets			
Cash and cash equivalents	8	879,952	827,165
Receivables	9	14,467	15,549
Prepayments		5,169	7,321
Assets held for sale	10	320,000	1,842,309
Total current assets		**1,219,588**	**2,692,344**
Non-current assets			
Exploration and evaluation expenditure	11	-	-
Capitalised acquisition costs	13	-	-
Property, plant and equipment	12	-	873,959
Total non-current assets		**-**	**873,959**
TOTAL ASSETS		**1,219,588**	**3,566,303**
LIABILITIES			
Current liabilities			
Trade and other payables – continuing operations	14	56,737	59,658
Trade and other payables – discontinued operations	23	-	968,921
Total current liabilities		**56,737**	**1,028,579**
TOTAL LIABILITIES		**56,737**	**1,028,579**
NET ASSETS		**1,162,851**	**2,537,724**
EQUITY			
Issued capital	15	11,886,845	14,255,958
Reserves	15	144,773	249,310
Accumulated losses		(10,868,767)	(11,967,544)
TOTAL EQUITY		**1,162,851**	**2,537,724**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2017

	Note	Issued Capital $	Option Reserve $	Accumulated Losses $	Total Equity $
Consolidated 2016					
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)
Transactions with equity holders:					
Share-based payments	18	-	123,438	-	123,438
Issued capital	15	-	-	-	-
Options exercised		6,000	(2,753)	2,753	6,000
Total equity at 30 June 2016		**14,255,958**	**249,310**	**(11,967,544)**	**2,537,724**
Consolidated 2017					
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
Transactions with equity holders:					
Share-based payments	18	-	21,335	-	21,335
Issued capital	15	802,612	-	-	802,612
Share issue costs	15	(8,308)	-	-	(8,308)
Options expired		-	(125,872)	125,872	-
Return of capital	15	(4,123,417)	-	-	(4,123,417)
Shares issued to Black Rock	10	960,000	-	-	960,000
Other		-	-	4,708	4,708
Total equity at 30 June 2017		**11,886,845**	**144,773**	**(10,868,767)**	**1,162,851**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 June 2017

	Note	Consolidated 2017 $	Consolidated 2016 $
Cash flows from operating activities			
Interest received		4,577	25,280
Other income		7,119	10,926
Payments to suppliers and employees		(246,427)	(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	23	-	(276,280)
Net cash (used in) operating activities	16	**(466,518)**	**(672,320)**
Cash flows from investing activities			
Cash paid on acquisition of subsidiary	10	(275,000)	(6,506)
Net cash (used in) investing activities		**(275,000)**	**(6,506)**
Cash flows from financing activities			
Proceeds from share issue		802,612	6,000
Capital raising costs		(8,307)	-
Net cash flows provided by financing activities		**794,305**	**6,000**
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
Cash and cash equivalents at the end of the year	8	**879,952**	**827,165**

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

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").

A description of the nature of the Group's operations and its principal activities is included in the Operating and Financial Review in the Directors' report on page 4, which does not form part of this financial report.

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 statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

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.

This Consolidated Financial Report was approved by the Board of Directors on 13 September 2017.

<u>Financial Position</u>

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group has generated a profit after tax for the year ended 30 June 2017 of $968,197 (including a net gain on discontinued operations of $1,361,662), had a net working capital surplus of $747,865 at 30 June 2017 and experienced net cash outflows from operating activities for the year of $466,517.

As at 30 June 2017, the cash balance of the Group was $879,952. The Directors consider the going concern basis of preparation to be appropriate for the following reasons:

- Confidence in the Group's ability to raise additional funds if required.
- The Group has the ability to meet is current cash outflows.

<u>Historical cost convention</u>

These financial statements have been prepared under the historical cost convention, with the exception of non-current assets held for sale which are measured at fair value less costs to sell.

The significant policies which have been adopted in the preparation of this financial report are detailed below. These accounting policies have been consistently applied to all of the years presented unless otherwise stated.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of Consolidation

<u>Subsidiaries</u>

The consolidated financial statements comprise the assets and liabilities of Eneabba Gas Limited and its subsidiaries at 30 June 2017 and the results of the subsidiaries for the year then ended. A subsidiary is any entity controlled by Eneabba Gas Limited.

Subsidiaries are all those entities over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Principles of Consolidation (Continued)

The financial statements of subsidiaries are prepared for the same reporting year end as the Parent Company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company balances and transactions, including unrealised profits arising from intra-entity transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered. Investments in subsidiaries are accounted for at cost in the individual financial statements of Eneabba Gas Limited.

Subsidiaries are consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting year in which Eneabba Gas Limited has control.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values (see note 3(h)).

A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

Non-controlling interests are allocated their share of net profit after tax in the statement of profit or loss and other comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the Company.

Losses are attributed to the non-controlling interest even if that results in a deficit balance.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including any goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non-controlling interest.
- Derecognises the cumulative translation differences, recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

(b) Segment Reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the board of directors.

The group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in the nature of the minerals targeted.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for “all other segments” (refer to Note 21).

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Income Tax

The income tax expense or benefit for the year is the tax payable on the current year's taxable income based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. Exceptions are also made for the recognition of goodwill, investment in associates and interests in joint ventures. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(d) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authorities, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense item as applicable and receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Cash flows are included the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(e) Trade and Other Receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to another party with no intention of selling the receivables. They are included in current assets, except for those with maturities greater than 12 months after the balance date which are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method, less any impairment losses.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is either written off as incurred or accumulated in respect of each identifiable area of interest. Costs are only carried forward to the extent that right of tenure is current and those costs are expected to be recouped through the successful development of the area (or, alternatively by its sale) or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and significant operations in relation to the area are continuing.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are transferred to development expenditure and amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(g) Property, Plant and Equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the items. Repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the reporting year in which they were incurred.

Depreciation is calculated using the straight-line method to allocate asset costs over their estimated useful lives, as follows:

- Computer equipment 3 years
- Software 3 years
- Plant & equipment 5 years
- Property infrastructure 13 to 20 years

Each asset's residual value and useful life is reviewed, and adjusted if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss and other comprehensive income.

Freehold land is carried at cost and is not depreciated.

(h) Business Combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, securities issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the statement of profit or loss and other comprehensive income, but only after a reassessment of the identification and measurement of the net assets acquired.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Impairment of Non-Financial Assets

Where an indicator of impairment exists, the Group makes a formal estimate of the recoverable amount. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount the asset or cash generating unit is considered impaired and is written down to its recoverable amount.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets or groups of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of combination.

(j) Share-Based Payments

The Group has provided payment to service providers and related parties in the form of share-based compensation, whereby services are rendered in exchange for shares or rights over shares ('equity-settled transactions'). The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value is determined using an appropriate option valuation model for services provided by employees or where the fair value of the shares received cannot be reliably estimated.

For goods and services received where the fair value can be determined reliably the goods and services and the corresponding increase in equity are measured at that fair value.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance date, the entity revises its estimates of the number of options that are expected become exercisable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant parties become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

(k) Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the statement of cash flows cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(l) Non-current assets held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Non-current assets held for sale (continued)

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

(m) Finance income and expense

Finance income comprises interest income on funds invested, gains on disposal of financial assets and changes in fair value of financial assets held at fair value through profit or loss. Finance expenses comprise changes in the fair value of financial assets held at fair value through profit or loss and impairment losses on financial assets.

Interest income is recognised as it accrues in profit or loss, using the effective interest rate method.

(n) Issued Capital

Ordinary shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(o) Earnings per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(p) Trade and other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Trade and other payables are stated at amortised cost, using the effective interest method.

(q) Foreign Currency Translation

(i) Functional and presentation currency

Both the functional and presentation currency of Eneabba Gas Limited and its subsidiaries is the Australian Dollar ($).

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Foreign Currency Translation (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(r) Profit and loss from discontinued operations

A discontinued operation is a component of the entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Profit or loss from discontinued operations, including prior year components of profit or loss, are presented in a single amount in the statement of profit or loss and other comprehensive income. This amount, which comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale, is further analysed in Note 23.

The disclosures for discontinued operations in the prior year relate to all operations that have been discontinued by the reporting date for the latest period presented.

(s) Significant Accounting Estimates and Assumptions

Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting year end are:

(i) Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the year in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the year in which this determination is made.

(s) Significant Accounting Estimates and Assumptions (Continued)

(ii) Recoverability of potential deferred tax assets

The Group recognises deferred income tax assets in respect of tax losses to the extent that it is probable that the future utilisation of these losses is considered probable. Assessing the future utilisation of these losses requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, this could result in significant changes to the deferred income tax assets recognised, which would in turn impact the financial results.

(iii) Share-based payment transactions

The Group measures the cost of equity-settled transactions with management and other parties by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by the Board of Directors using either the Binomial or the Black-Scholes valuation methods, taking into account the terms and conditions upon which the equity instruments were granted. The assumptions in relation to the valuation of the equity instruments are detailed in the notes in periods when such equity instruments are issued. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting year end but may impact expenses and equity.

(iv) Fair value less costs to sell of non-current assets held for sale

The Group measures non-current assets held for sale at fair value less costs to sell (refer to Note 10). The fair value is determined by the Board of Directors using independent valuation and sales information provided to the Company.

(t) Comparative Information

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(u) Parent Entity Information

The financial statements for the parent entity, Eneabba Gas Limited, disclosed in Note 22 have been prepared on the same basis as the consolidated financial statements.

(v) New Accounting Standards for Application in Future Years

In the year ended 30 June 2017, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting year. It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change is necessary to Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2017. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change necessary to Group accounting policies.

The Directors have reviewed AASB 9 Financial Instruments, AASB 15 Revenue from Contracts with Customers and AASB 16 Leases and based on this preliminary review, do not expect the application of these standards to have a material impact on the Group's business, based on current operations.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2017

NOTE 4: REVENUE

	Consolidated	
	2017	**2016**
	$	**$**
Finance income		
Interest income	4,577	25,280
Total finance income	**4,577**	**25,280**

NOTE 5: SIGNIFICANT PROFIT / (LOSS) ITEMS

	Consolidated	
	2017	**2016**
	$	**$**
Profit / loss before income tax is determined after crediting (charging) the following items**:**		
Depreciation of plant and equipment	(7,023)	(6,974)
Share based payments	(21,335)	(123,438)

NOTE 6: EARNINGS (LOSS) PER SHARE

	Consolidated	
	2017	**2016**
	$	**$**
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 profit/(loss) per share – cents – discontinued operations	0.37	(0.11)
Profit/(loss) used in the calculation of basic and diluted loss per share – discontinued operations	1,361,622	(295,471)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic loss per share – continued and discontinued operations	368,933,187	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	368,933,187	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 7: INCOME TAX

	Consolidated	
	2017	**2016**
	$	**$**
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
Income tax benefit recognised in profit or loss	**-**	**-**

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

	Consolidated	
	2017	**2016**
	$	**$**
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 8: CASH AND CASH EQUIVALENTS

	Consolidated	
	2017	**2016**
	$	**$**
Reconciliation to Statement of Financial Position		
Cash at bank	879,952	827,165
Total cash and cash equivalents(1)	**879,952**	**827,165**

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

NOTE 9: TRADE AND OTHER RECEIVABLES

	Consolidated	
	2017	**2016**
	$	**$**
Current		
Other receivables(1)	14,467	15,549
Total trade and other receivables (net of GST)	**14,467**	**15,549**

(1) 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 10: ASSETS HELD FOR SALE

	Consolidated	
	2017	**2016**
	$	**$**
Current		
Opening balance:	1,842,309	-
Completion of the acquisition of the Ocean Hill Project[1]	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[2]	(2,141,309)	-
Transfer from property, plant & equipment[3]	320,000	-
Total current assets held for sale	**320,000**	**1,842,309**

[1] 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.

[2] 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.

[3] 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 land is carried at fair value less costs to sell. (Refer Note 12) The land is catergorised within Level 3 of fair value hierarchy. Parts of the land are protected by an environmental covenant. A portion of the land is subject to pastoral lease. The land has been valued using the directors' valuation.

NOTE 11: EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	2017	**2016**
	$	**$**
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)
Carrying amount at year end – exploration and evaluation phase	**-**	**-**

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 form 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 10 for further information.

NOTE 11: EXPLORATION AND EVALUATION EXPENDITURE (CONTINUED)

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:

	Consolidated	
	2017	**2016**
	$	**$**
Within one year	-	989,500
Within two years to five years	-	3,125,000
Later than five years	-	-
Total	**-**	**4,114,500**

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
(a) Carrying Values	**2017**	**2016**
	$	**$**
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
Transfer to current assets held for sale	(320,000)	
Total	**-**	**873,959**
(b) Total Depreciation Expense	**7,023**	**13,352**

(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)
Carrying amount at end of year	**320,000**	**755,000**
Fencing and fire mitigation		
Carrying amount at beginning of year	117,827	131,056
Depreciation expense	(5,891)	(13,229)
Impairment expense	(111,936)	
Carrying amount at end of year	**-**	**117,827**
Storage container		
Carrying amount at beginning of year	1,132	1,255
Depreciation expense	(1,132)	(123)
Carrying amount at end of year	**-**	**1,132**

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

NOTE 13: OTHER NON-CURRENT ASSETS

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

NOTE 14: TRADE AND OTHER PAYABLES

	Consolidated	
	2017 $	**2016 $**
Trade and other payables – continuing operations [1]	37,121	32,658
Accruals	19,616	27,000
	56,737	**59,658**

[1] Trade payables are non-interest bearing and are normally settled on 30-day terms.

NOTE 15: ISSUED CAPITAL & RESERVES

CONSOLIDATED 2017	**No.**	**$**
(a) Issued and Paid Up Capital		
Fully paid ordinary shares	**501,632,187**	**11,886,845**
(b) Movements in fully paid shares on issue		
Balance as at 1 July 2016	260,979,312	14,255,958
Issue of shares (Note 10)	40,000,000	960,000
Entitlement issue	200,652,875	802,612
Issue costs	-	(8,308)
Return of capital (Note 10)	-	(4,123,417)
Balance as at 30 June 2017	**501,632,187**	**11,886,845**
(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)
Balance as at 30 June 2017	**18,000,000**	**144,773**

NOTE 15: ISSUED CAPITAL & RESERVES (CONTINUED)

	No.	$
CONSOLIDATED 2016		
(a) Issued and Paid Up Capital		
Fully paid ordinary shares	**260,979,312**	**14,255,958**
(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
Balance as at 30 June 2016	**260,979,312**	**14,255,958**
(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
Balance as at 30 June 2016	**32,700,000**	**249,310**

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.

As announced on 8 September 2016, the exercise price of the remaining 18,000,000 options that were issued in the year ended 30 June 2016, were reset on the reduction of capital as part of the UIL Transaction. Details of the revised options are outlined below.

2017								
Granted	**Terms & Conditions**						**Vested**	
#	**Grant Date**	**Fair Value at Grant Date**	**Exercise Price per Option**	**Expiry Date**	**First Exercise Date**	**Last Exercise Date**	**Yes/No**	**%**
7,000,000	10 Nov 2015	$0.0134	$0.0463	16 Nov 2018	10 Nov 2015	16 Nov 2018	Yes	100%
2,000,000	10 Nov 2015	$0.0134	$0.0463	16 Nov 2018	Milestone	16 Nov 2018	No	42%
7,000,000	10 Nov 2015	$0.0115	$0.0663	16 Nov 2018	16 Sept 2016	16 Nov 2018	Yes	100%
2,000,000	10 Nov 2015	$0.0115	$0.0663	16 Nov 2018	Milestone	16 Nov 2018	No	42%

NOTE 16: OPERATING CASH FLOW INFORMATION

	Consolidated	
	2017	**2016**
	$	**$**
Reconciliation of Loss for the Year to Net Cash Flows (used in) Operations		
Profit (Loss) for the year	968,197	(1,636,474)
Adjustments for:		
Share based payments	21,335	123,438
Depreciation	7,023	13,352
Exploration write-off	5,708	-
Profit on disposal of subsidiaries	(1,982,108)	-
Impairment of land	546,936	792,572
Changes in assets and liabilities:		
(Increase) / decrease in trade and other receivables	1,082	(2,238)
(Increase) / decrease in prepayments	2,152	(2,846)
Increase / (decrease) in trade and other payables	(36,842)	39,876
Net cash flows (used in) operations	**(466,518)**	**(672,320)**

NOTE 17: RELATED PARTY INFORMATION

a) Parent and ultimate controlling party

The parent entity and ultimate controlling party is Eneabba Gas Limited.

The consolidated financial statements include the financial statements of Eneabba Gas Limited and the subsidiaries listed in the following table.

Name	**Country of Incorporation**	**% Equity Interest 2017**
Eneabba Energy Pty Ltd	Australia	100%
Eneabba Mining Pty Ltd	Australia	100%

b) Key Management Personnel compensation

Information on remuneration of all Directors and Key Management Personnel is contained in the Remuneration Report within the Directors' Report. Please refer to the Directors' Report for Key Management Personnel remuneration information.

The aggregated compensation paid to Directors and Key Management Personnel of the Group is as follows:

	Consolidated	
	2017	**2016**
	$	**$**
Short term employee benefits	134,083	291,084
Post-employment benefits	10,885	28,852
Share based payments	20,287	115,183
Total	**165,255**	**435,119**

NOTE 17: RELATED PARTY INFORMATION (CONTINUED)

c) Loans to and from related parties

Terms and Conditions of loans
Loans between entities in the wholly owned Group are not interest bearing, unsecured and are payable upon reasonable notice having regard to the financial stability of the Company.

d) Other related party transactions

Transactions with other related parties are made on normal commercial terms and conditions and at market rates. Outstanding balances are unsecured and are repayable in cash.

Ventnor Capital Pty Ltd, a company of which Mr Morgan Barron is a Director, provided office accommodation, bookkeeping, Accounting, CFO, company secretarial support and corporate services in relation to the administration of the Company during the year. A mandate between Eneabba Gas Limited and Ventnor Capital Pty Ltd was signed for the above services commencing from 1st December 2011.

Laurus Corporate Services, a company of which Mr Gabriel Chiappini is a Director, provided company secretarial services during the year. A mandate between Eneabba Gas Limited and Laurus Corporate Services was agreed for a fee for $2,000, plus GST, per month, commencing on 22 September 2016.

Coventina Holdings Pty Ltd, a company of which Mr Justin Barton is a Director, provided book keeping services during the year. A mandate between Eneabba Gas Limited and Coventina Holdings Pty Ltd was agreed for a fee for $2,000, plus GST, per month, commencing on 1 October 2016.

A summary of the total fees paid and payable to related parties for the year ended 30 June 2017 is as follows:

	Consolidated	
	2017	**2016**
	$	**$**
Serviced office, company secretarial & CFO services, bookkeeping services, IT support, corporate advisory, general administration and registered office.	30,568	115,225
Company secretarial services	22,500	-
Book keeping services.	18,000	-
Financial accounting services including preparation of annual & interim reports.	-	19,825
Total	**71,068**	**135,050**

NOTE 18: 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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2017

NOTE 18: SHARE BASED PAYMENTS (CONTINUED)

Director and Employee Options
The options issued to Directors and Employees were issued on the following terms and conditions:

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

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 19: AUDITOR'S REMUNERATION

	Consolidated	
	2017	**2016**
	$	**$**
Amounts payable to auditor of the Group		
Audit and review services - payable to HLB Mann Judd	25,500	26,300
Non-audit services	-	1,000
	25,500	**27,300**

NOTE 20: FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks that include market risk (including currency risk, interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by the Managing Director under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as mitigating foreign exchange and interest rate and credit risks.

a) Market Risk

Foreign Currency Risk
The Company is not directly exposed to any foreign currency risk.

Price risk
The Company is not directly exposed to any price risk.

NOTE 20: FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk

The Group is exposed to interest rate risk on cash balances held in interest bearing accounts. The Board constantly monitors its interest rate exposure and attempts to maximise interest income by using a mixture of fixed and variable interest rates, whilst ensuring sufficient funds are available for the Group's operating activities. The Group's net exposure to interest rate risk at 30 June 2017 approximates the value of cash and cash equivalents.

b) Credit Risk

The Group has no significant concentrations of credit risk.

c) Liquidity Risk

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate working capital is maintained for the coming months. Upcoming capital needs and the timing of raisings are assessed by the Board at each meeting of Directors.

The maturity of the Group's payables is disclosed in Note 14.

d) Cash flow and Interest Rate Risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result in changes in market interest rates and the effective weighted average interest rates on classes of financial assets is disclosed in Note 8. Only cash is affected by interest rate risk as cash is the Group's only financial asset exposed to fluctuating interest rates.

In accordance with AASB 7 the following sensitivity analysis has been performed for the Company's interest rate risk:

30 June 2017: **Consolidated** **Risk Variable**	**Sensitivity***	**Effect On: Profit/Loss 2017** **$**	**Effect On: Equity 2017** **$**
Interest Rate	+ 1.00%	9,681	9,681
	- 1.00%	(9,681)	(9,681)

* It is considered that 100 basis points is a 'reasonably possible' estimate of potential variations in the interest rate.

30 June 2016: **Consolidated** **Risk Variable**	**Sensitivity***	**Effect On: Profit/Loss 2016** **$**	**Effect On: Equity 2016** **$**
Interest Rate	+ 1.00%	8,272	8,272
	- 1.00%	(8,272)	(8,272)

* It is considered that 100 basis points is a 'reasonably possible' estimate of potential variations in the interest rate.

The fair values of all financial assets and liabilities of the Group approximate their carrying values.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group's capital includes ordinary share capital and convertible performance shares, supported by financial assets.

There were no changes in the Group's approach to capital management during the year. Neither the Company nor the Group are subject to externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2017

NOTE 21: SEGMENT REPORTING

Segment Reporting

The Group conducts operations in three operating segments, energy and electricity generation, petroleum exploration and mineral exploration, and one geographic segment, Australia.

2017	Energy & Electricity Generation $	Petroleum Exploration $	Discontinued Operations $	Unallocated $	Consolidated $
Segment income					
Interest received	-	-	-	4,577	4,577
Disposal of assets	-	-	1,982,108	-	1,982,108
Lease Income	7,119	-	-	-	7,119
Total income	7,119	-	1,982,108	4,577	1,993,804
Segment expenses					
Feasibility study costs	-	-	(73,550)	-	(73,550)
Impairment	-	-	(546,936)	-	(546,936)
Net other costs	-	-	-	(398,098)	(398,098)
Profit (Loss) before depreciation	7,119	-	1,361,622	(393,521)	975,220
Depreciation	(7,023)	-	-	-	(7,023)
Gain (Loss) before income tax	96	-	1,361,622	(393,521)	968,197
Segment assets and liabilities					
Property, plant & equipment	-	-	320,000	-	320,000
Other current assets	-	-	-	899,588	899,588
Current liabilities	-	-	-	(56,737)	(56,737)
Net assets	-	-	320,000	842,851	1,162,851

2016	Energy & Electricity Generation $	Petroleum Exploration $	Discontinued Operations $	Unallocated $	Consolidated $
Segment income					
Interest received	-	-	-	25,280	25,280
Lease Income	10,926	-	-	-	10,926
Total income	10,926	-	-	25,280	36,206
Segment expenses					
Feasibility study costs	(11,133)	(648)	(5,046)	-	(16,827)
Impairment	(792,572)	-	-	-	(792,572)
Net other costs	-	-	(290,424)	(559,505)	(849,929)
Profit/(Loss) before depreciation	(792,779)	(648)	(295,470)	(534,225)	(1,623,122)
Depreciation	(13,352)	-	-	-	(13,352)
Loss before income tax	(806,131)	(648)	(295,470)	(534,225)	(1,636,474)
Segment assets and liabilities					
Property, plant & equipment	873,959	-	-	-	873,959
Other current assets	-	-	1,842,309	850,036	2,692,345
Current liabilities	-	-	(968,921)	(59,658)	(1,028,579)
Net assets	873,959	-	(873,388)	790,378	2,537,724

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2017

NOTE 22: PARENT ENTITY DISCLOSURES

As at 30 June 2017, and throughout the year then ended, the parent company of the Group was Eneabba Gas Limited.

	Company 2017 $	Company 2016 $
Result of the parent entity		
Gain (Loss) for the year	1,523,553	(839,383)
Other comprehensive income	-	-
Total comprehensive gain (loss) for the year	1,523,553	(839,383)
Financial position of the parent entity at year end		
Current assets	899,588	2,802,881
Non-current assets	-	-
Total assets	899,288	2,802,881
Current liabilities	56,737	1,009,933
Total liabilities	56,737	1,009,933
Net Assets	842,851	1,792,948
Total equity of the parent entity comprising of:		
Share capital	11,886,845	14,255,958
Option reserve	144,773	249,310
Accumulated losses	(11,188,767)	(12,712,320)
Total equity	842,851	1,792,948

Parent Entity Contingencies

The Directors are not aware of any contingent liabilities that may arise from the Company's operations as at 30 June 2017.

NOTE 23: 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).

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:

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

NOTE 23: DISCONTINUED OPERATIONS (CONTINUED)

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:

	2017 $	2016 $
Current Assets:		
Assets held for sale	320,000	-
Assets classified as discontinued operations	**320,000**	**-**
Current liabilities:		
Trade and other payables	-	33,921
Deferred consideration on acquisition of permit (note 11)	-	935,000
Liabilities classified as discontinued operations	**-**	**968,921**

Cash outflows in relation to the completion of the purchase of the Ocean Hill Project from Black Rock Mining Ltd was $275,000 (refer Note 10).

NOTE 24: SUBSEQUENT EVENTS

No other matters or circumstances have arisen since the end of the year which significantly affected or may significantly affect the operations of the Company or Group, the results of those operations or the state of affairs of the Company or Group in subsequent financial years.

NOTE 25: CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities that may arise from the Group’s operations as at 30 June 2017.

DIRECTORS' DECLARATION

In the Directors' opinion:

a) the accompanying financial statements set out on pages 17 to 41 and the Remuneration Report in the Directors' Report are in accordance with the *Corporations Act 2001,* including:

   i. giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance, as represented by the results of its operations, changes in equity and cash flows, for the year ended on that date; and

   ii. complying with Australian Accounting Standards, Corporations Regulations 2001 and other mandatory professional reporting requirements;

b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

This declaration is made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the year ended 30 June 2017.

This declaration is made in accordance with a resolution of the Board of Directors.

Barnaby Egerton-Warburton
Managing Director
Perth
18 September 2017

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the Members of Eneabba Gas Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Eneabba Gas Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4 130 Stirling Street Perth WA 6000 | PO Box 8124 Perth BC WA 6849 | Telephone +61 (08) 9227 7500 | Fax +61 (08) 9227 7533
Email: hlb@hlbwa.com.au | Website: www.hlb.com.au

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Land held for-sale
Note 10 of the financial report</td></tr>
<tr><td>As at 30 June 2017, the carrying value of the land held for sale was $320,000 and is material to our audit.

AASB 5 Non-current Assets Held for Sale and Discontinued Operations requires a non-current asset classified as held for sale to be measured at the lower of its carrying amount and fair value less costs to sell.

We focused on the matter because of the inherent subjectivity of the key assumptions that underpin valuations.

Factors such as prevailing market conditions, the individual nature, condition and location of the property and any potential future income, directly impact fair values.</td><td>Our procedures included but were not limited to the following:
▪ We discussed the valuation methodology with management;
▪ We assessed the key assumptions and inputs into the valuation: and
▪ We examined the disclosures made in the financial report.</td></tr>
<tr><td colspan="2">Disposal of subsidiaries
Note 23 of the financial report</td></tr>
<tr><td>During the year, the Company disposed of its subsidiaries Oceanhill Pty Ltd and GCC Methane Pty Ltd that respectively owned the Ocean Hill prospect (EPA90) and 50% of EP447.

The gas exploration operations represented a significant segment of the business.

The recognition and disclosure of these transactions in the financial report is complex and required significant audit attention, as the Group needed to separate its assets, liabilities and operations into continuing and discontinued business operations which has a significant and pervasive impact on the financial results and report of the Group.

We focussed on this matter because of the importance to readers of the financial report of the allocation of the gain from continued and discontinued operations.</td><td>To assess whether the sale transactions had been appropriately recognised and disclosed we:
▪ read and considered the sale agreements;
▪ recalculated the carrying value of the assets and liabilities as identified in the sales agreements to test that these were accurately separated from the continuing business;
▪ re-performed; a) the calculations of the loss on disposal by comparing the consideration received to the carrying value of the identified assets and liabilities, and b) any liabilities arising from the disposal;
▪ agreed the consideration received from the sales to the respective contracts and to bank records (subsequent to year end the remaining consideration receivable was received);
▪ considered the requirements of AASB 121 The effects of Changes in Foreign Exchange Rates in relation to Disposal of a Foreign Operation;
▪ have considered the tax implications of the sale; and
▪ examined the discontinued operations disclosures in the financial report</td></tr>
</table>

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
-
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit

evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Eneabba Gas Limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

D I Buckley
Partner

Perth, Western Australia
18 September 2017

ASX ADDITIONAL INFORMATION

Additional information required by the ASX Limited Listing Rules not disclosed elsewhere in this Annual Report is set out below.

SHAREHOLDINGS

The issue capital of the Company at 28 August 2017 is 501,632,187 ordinary fully paid shares. All ordinary shares carry one vote per share.

TOP 20 SHAREHOLDERS AS AT 28 AUGUST 2017

		No. of Shares Held	% Held
1	BLACK ROCK MINING LIMITED	40,000,000	8%
2	CELTIC CAPITAL PTE LTD	37,500,000	7%
3	BNP PARIBAS NOMINEES PTY LTD	25,703,033	5%
4	MR KOO SING KUANG & MRS LAI WAH KUANG	17,532,487	3%
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	17,243,667	3%
6	GETMEOUTOFHERE PTY LTD	16,304,826	3%
7	MR WILLIAM TIEN LEONG WONG	12,500,000	2%
8	RIVERVIEW CORPORATION PTY LTD	10,458,844	2%
9	6466 INVESTMENTS PTY LTD	9,583,334	2%
10	MR THOMAS LIK CHENG GOH	9,000,000	2%
11	AVENGER PTY LTD	8,000,000	2%
12	ST BARNABAS INVESTMENTS PTY LTD	7,738,121	2%
13	MS MERLE SMITH & MS KATHRYN SMITH	7,500,000	1%
14	PATHWAYS CORPORATE PTY LTD	6,250,000	1%
15	REDLAND PLAINS PTY LTD	5,831,929	1%
16	MR MATTHEW STEVEN KLEIN	5,600,000	1%
17	GOTHA STREET CAPITAL PTY LTD	5,500,000	1%
19	MR MURRAY JOHN JACOB & MRS SARA CAROLINE JACOB	5,333,334	1%
20	FIRST INVESTMENT PARTNERS PTY LTD	5,000,000	1%
		252,579,575	50.35%

SHAREHOLDER DISTRIBUTION

Share Range	No. of Holders
1 – 1,000	27
1,001 – 5,000	12
5,001 – 10,000	37
10,001 – 100,000	241
100,001 and above	279

SUBSTANTIAL SHAREHOLDERS

As at 28 August 2017 there were 3 holders with 5% or greater holding in the Company:

BLACK ROCK MINING LIMITED

CELTIC CAPITAL PTE LTD

BNP PARIBAS NOMINEES PTY LTD

OPTION HOLDINGS

The Company has the following classes of options on issue at 28 August 2017 as detailed below. Options do not carry any rights to vote.

Class		**Terms**	**No. of Options**
ENB-2	Unlisted Options	Exercisable at $0.06 expiring on or before 16 November 2018	9,000,000
ENB-3	Unlisted Options	Exercisable at $0.08 expiring on or before 16 November 2018	9,000,000

UNLISTED OPTIONS

Options Range	**Unlisted Options**	
	No. of Holders	**No. of Options**
1 – 1,000	-	-
1,001 – 5,000	-	-
5,001 – 10,000	-	-
10,001 – 100,000	-	-
100,001 and over	5	18,000,000
	5	**18,000,000**

	Unlisted Options	
Holder	**ENB-2**	**ENB-3**
Whistler Street PL	5,000,000	5,000,000
Mr Garry Marsden	1,500,000	1,500,000
Mr Thomas Goh	1,000,000	1,000,000
Mr Morgan Barron	1,000,000	1,000,000
Mr Brett Tucker	500,000	500,000