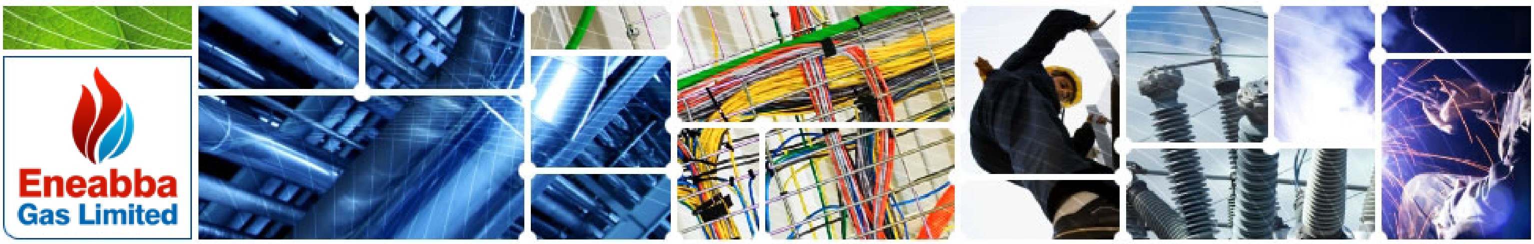
Eneabba Gas Limited

ANNUAL REPORT
for the year ended 30 June 2018



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
Managing Director

Gabriel Chiappini
Non-Executive Director

David Wheeler
Non-Executive Director

Company Secretary:
Gabriel Chiappini

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

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

Solicitors:
Blackwall Legal LLP
Level 26
140 St Georges Terrace
PERTH WA 6000

Registered & Principal Office:
50 Ord Street
WEST PERTH WA 6005
Telephone: + 618 9467 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

Home Securities Exchange:

Australian Securities Exchange Limited
Level 40, Central Park
152-158 St Georges Terrace
PERTH WA 6000

ASX Code:
ENB (Ordinary Shares)

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

DIRECTORS' REPORT

Your Directors present their report together with the financial statements of the Company and its subsidiaries it controlled during the period, for the year ended 30 June 2018. 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 and a member of the American Association of Petroleum Geologists. Mr Egerton-Warburton has over 25 years of investment banking, international investment and market experience. He has spent the last six years directly involved in the energy sector with a focus on the United States and Middle East. 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 Limited
Non-Executive Director – Invictus Energy Limited, formerly Interpose Holdings Limited

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS
Non-Executive Director – Global Geoscience Limited
Non-Executive Director – Black Rock Mining Limited

Gabriel Chiappini - B. Bus, CA ANZ, GAICD Non-Executive Director

EXPERIENCE AND EXPERTISE
Mr Chiappini is a Chartered Accountant with over 20 years' experience as a finance and governance professional and member of Australian Institute of Company Directors. For the past 13 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 – Invictus Energy Limited, formerly Interpose Holdings Limited
Non-Executive Director – Black Rock Mining Limited

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS
Non-Executive Director – Global Geoscience Limited
Non-Executive Director – Fastbrick Robotics Limited
Non-Executive Director – Scotgold Resources Limited

David Wheeler – BA (Bus), SDIA, Non-Executive Director (appointed 10 October 2017)

EXPERIENCE AND EXPERTISE
Mr Wheeler has more than 30 years executive management experience, through general management, CEO and Managing Director roles across a range of companies and industries. He has worked on business projects in the USA, UK, Europe, New Zealand, China, Malaysia, and the Middle East (Iran). David has been a Fellow of the Australian Institute of Company Directors (FAICD) since 1990.

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES
Non-Executive Director – Drake Resources Limited
Non-Executive Director – Antilles Oil & Gas Limited
Non-Executive Director – Protean Energy Limited
Non-Executive Director – Thred Limited
Non-Executive Director – Ultracharge Limited

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS
Non-Executive Director - Premiere Eastern Energy Ltd

Justin Barton - Non-Executive Director (resigned 10 October 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
Executive Director – Metalicity Limited

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS
Non-Executive Director – Eclipse Metals Limited
Non-Executive Director – Invictus Energy Limited, formerly Interpose Holdings Limited

Company Secretary

Mr Gabriel Chiappini B. Bus, CA ANZ, GAICD. (Appointed 22 September 2016).

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

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 and has conditional agreement to acquire an exploration Lithium Project in San Luis, Argentina.

RESULTS

The net consolidated loss after tax attributable to members of the Company for the year ended 30 June 2018 amounted to $1,348,140 (2017: $968,197 profit).

DIVIDENDS

There were no dividends paid or declared during the year.

OPERATING AND FINANCIAL REVIEW

The Group is focused on transitioning to a Lithium exploration company. On 15 March 2018 it announced an agreement to acquire two Lithium exploration assets in the San Luis region of Argentina (the "Domingo transaction"). The Company is still working through the conditions precedent to finalise the transaction with permitting and regulatory approvals to be finalised. The Group is also focussed on identifying new opportunities in energy and other sectors with a view to adding shareholder value.

Subsequent to 30 June 2018, the Company entered into a conditional sale of land contract to dispose of its Dongara Freehold land in the Shire of Irwin.

On 24 September 2018, the Company announced that it had completed the sale. The sale price for the property was $425,000. Net proceeds to Eneabba were subject to an 18% fee payable to the lessee Giovi Group for early termination of their lease covering the property. Allowing for estate agent fees, Giovi Group lease termination and settlement agent fees, Eneabba received approximately $325,000.

Domingo transaction, San Luis Argentina

On 15 March 2018, the Company announced a conditional agreement to acquire 2 Lithium projects in Argentina. Key highlights of the transaction include:

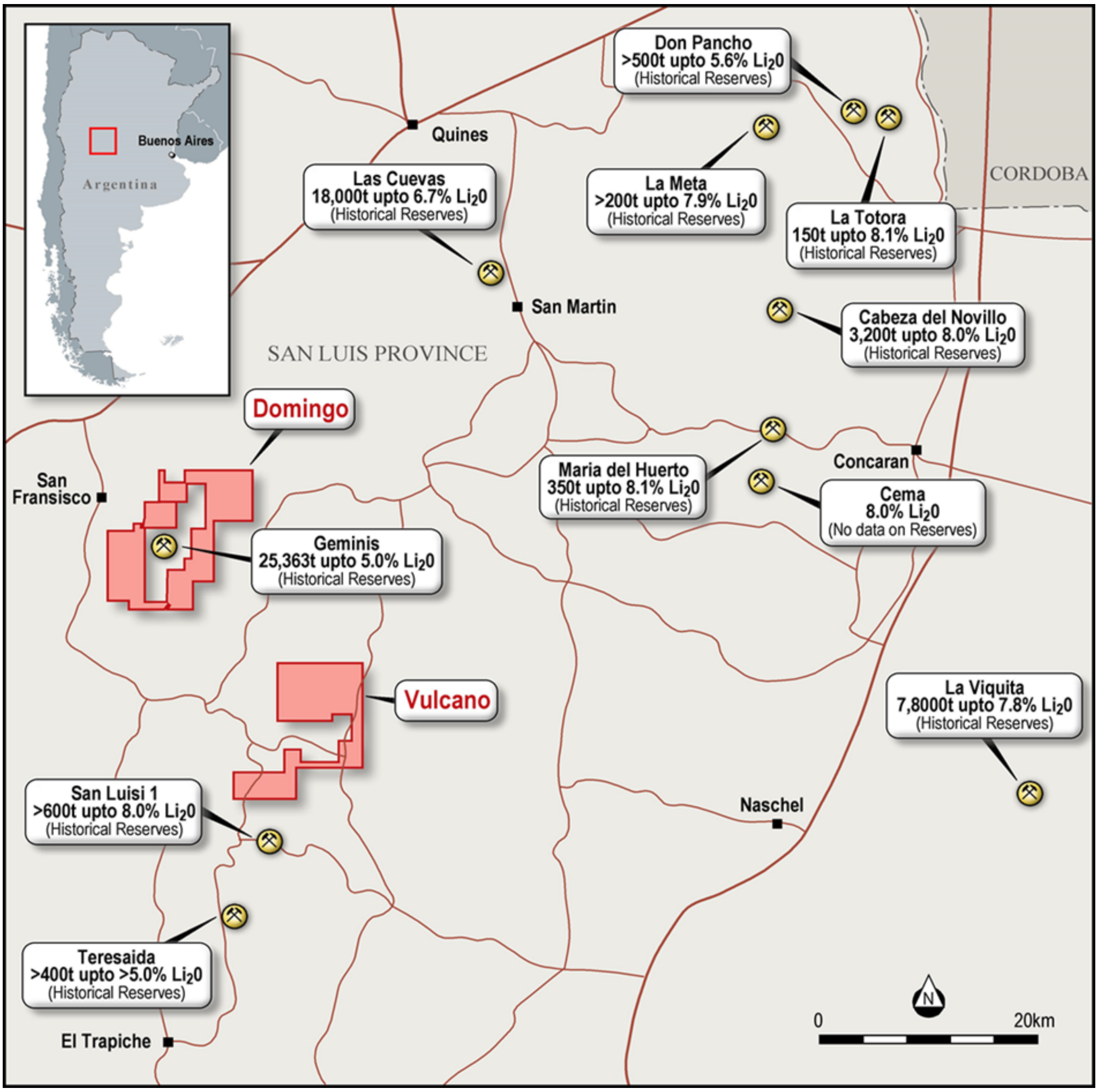
- Eneabba to acquire two highly prospective lithium exploration projects in Argentina through the acquisition of Domingo Lithium Pty Ltd
- Argentina projects are adjacent to and surround historical lithium pegmatite mining operations that produced spodumene concentrate grading between 6% to 8% Li20
- CPS Capital engaged to lead manage a capital raising of $3 million
- Re-compliance under ASX Chapters 1 & 2

- Key condition precedent includes finalising the permitting, granting and regulatory approval of the two Argentinian exploration permits
- Subject to ASX approval

The conditional acquisition of Domingo Lithium Pty Ltd will come with 2 Australian early stage exploration tenements that are prospective for Rare Earth Elements being Lithium (Narraburra East, NSW) and LCT Pegmatites (Leonardo project, WA).

At the date of this report, the Company is still waiting for all the conditions precedent to be satisfied before being able to conclude the Domingo transaction.

FIGURE 1: DOMINGO AND VULCANO PROJECTS IN SAN LUIS PROVINCE



The Domingo and Vulcano projects are located in an area that is highly prospective for lithium mineralisation, with several historic mines recording grades ranging from 5.6% up to 8.1% Li2O.

Subject to receiving permitting rights and regulatory approval, the initial planned field-work program includes ground mapping, structural interpretation and surface sampling of the highest priority targets for lithium mineralisation within the Domingo and Vulcano projects. The core focus will be on spodumene bearing pegmatites that have dense swarms and/or large surface areas which are readily accessible.

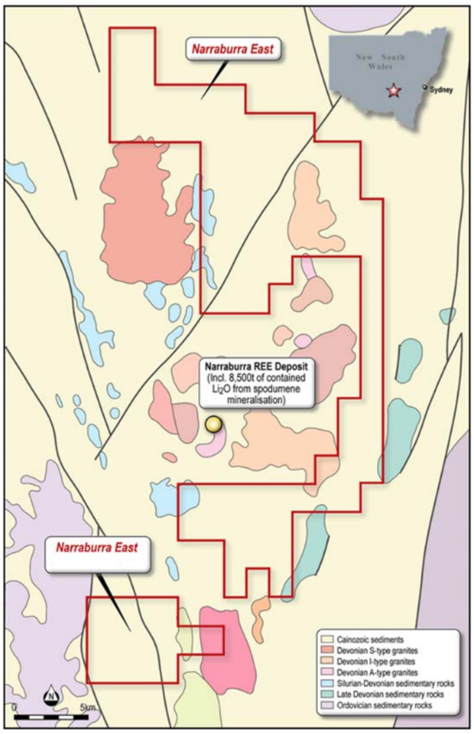
Drilling exploration activities are earmarked to start following the completion of the field work mapping program and securing drilling permits. The geology team have prepared the Environmental Impact Assessment and formulated the drilling program and the relevant documents will be lodged with the regulator in due course.

Domingo's representatives recently met with the new Director of the San Luis Mining Department to establish a rapport and working relationship. A key focus was to expedite the granting and subsequent approval of the exploration program for the Domingo and Vulcano projects.

Narraburra East Project, NSW Australia

Preliminary views from the geology team on the Narraburra East project in NSW (Figure 1) are favourable, as anecdotal evidence suggests it is prospective for lithium mineralisation. Potentially, this is from lithium-caesium-tantalum (LCT) pegmatites that appear to be associated with granites.

Figure 1: Narraburra East Project



Leonardo project – WA, Australia

The geology team is positive on the Leonardo project and optimistic there is material exploration upside, especially as legacy geochemical analysis has already confirmed the presence of elevated lithium levels within the tenure. Across the region but relatively close to the Leonardo project, are peers with more advanced projects. This permit is subject to application approval process and native title approval.

Figure 2: Leonardo Project

Corporate Activities

The Company's cash balance at 30 June 2018 was $174,222 (2017: $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 loss after tax for the year ended 30 June 2018 of $1,348,140 (2017: $968,197 profit), had a net working capital surplus of $219,388 at 30 June 2018 (2017: $1,162,851) and experienced net cash outflows from operating activities for the year of $702,646 (2017: $466,518).

Subsequent to 30 June 2018, the Company completed the sale of land contract to dispose of its Dongara Freehold land in the Shire of Irwin and received net proceeds for $325,000.

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

During the year the Company announced the Domingo Transaction as disclosed earlier in this report. At the date of this report, the Company is still waiting for all the conditions precedent to be satisfied before being able to conclude the Domingo transaction.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Subsequent to 30 June 2018, the Company entered into a conditional sale of land contract to dispose of its Dongara Freehold land in the Shire of Irwin.

On 24 September 2018, the Company announced that it had completed the sale. The sale price for the property was $425,000. Net proceeds to Eneabba were subject to an 18% fee payable to the lessee Giovi Group for early termination of their lease covering the property. Allowing for estate agent fees, Giovi Group lease termination and settlement agent fees, Eneabba received approximately $325,000.

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 $11,970 excluding GST (2017: $12,405) 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	-	13,244,152	-	20,000,000
Gabriel Chiappini	303,975	-	-	5,000,000
David Wheeler	-	13,622,281	-	2,000,000
TOTAL	**303,975**	**26,866,433**	**-**	**27,000,000**

MEETINGS OF DIRECTORS

During the financial year, 6 meetings (including circular resolutions) of Directors, were held with the following attendances:

Directors	**Meetings Attended**	**Meetings Eligible to Attend**
Barnaby Egerton-Warburton	6	6
Gabriel Chiappini	6	6
Justin Barton[1]	2	2
David Wheeler[2]	3	3

[1] Mr Barton resigned as Non-Executive Director on 10 October 2017.
[2] Mr Wheeler was appointed as Non-Executive Director on 10 October 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 2018. 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)
Mr Justin Barton (Non-Executive Director) – Resigned 10 October 2017
Mr David Wheeler (Non-Executive Director) – Appointed 10 October 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.

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

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

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 congruency 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 could 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 an informal self-performance evaluation at a Director and Board level.

Service Contracts
Upon appointment to the Board, all Non-Executive Directors enter into a service agreement with the Group in the form of a letter of appointment. The letter summarises the policies and terms, including compensation, relevant to the office of Director.

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

- Term of agreement – ongoing subject to annual review.
- Directors' Fees of $3,000 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, 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.

Subject to working capital, the directors may elect to accrue their director fees.

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.

2018	**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	100,950	-	-	8,550	46,883	156,383	0%
Gabriel Chiappini	36,997	-	-	-	23,442	60,439	0%
Justin Barton[1]	9,000	-	-	-	23,442	32,442	0%
David Wheeler[2]	32,235	-	-	-	9,377	41,612	0%
Total	**179,182**	**-**	**-**	**8,550**	**103,144**	**290,876**	**0%**

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	13,500			-	-	13,500	0%
Justin Barton	6,000			-	-	6,000	0%
Morgan Barron	6,833			649	2,163	9,645	22%
Gary Marsden	10,250			974	3,245	14,469	22%
Thomas Goh	12,500			1,187	2,163	15,850	14%
Total	**134,083**	**-**	**-**	**10,885**	**20,287**	**165,255**	**12%**

1 Mr Barton resigned as a Director on 10 October 2017
2 Mr Wheeler was appointed as a Director on 10 October 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:

2018

Directors	Held at 1 July 2017	Movement during year	Options Exercised	Held at 30 June 2018
Barnaby Egerton-Warburton	3,472,222	9,771,930	-	13,244,152
Gabriel Chiappini	303,975	-	-	303,975
Justin Barton[1]	-	-	-	-
David Wheeler[2]		13,662,281	-	13,662,281
Total	**3,776,197**	**23,434,211**	-	**27,210,408**

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	-	303,975	-	303,975
Justin Barton	-	-	-	-
Garry Marsden	500,000	-	-	500,000
Morgan Barron	5,640,807	5,640,808,	-	11,281,615
Thomas Goh	9,000,000	-	-	9,000,000
Total	**17,224,140**	**7,333,672**	-	**24,557,812**

1 Mr Barton resigned as a Director on 10 October 2017
2 Mr Wheeler was appointed as a Director on 10 October 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:

2018

Directors	Held at 1 July 2017	Issued during the year	Exercised during the year	Held at 30 June 2018 or at date of resignation	Vested and exercisable at 30 June 2018
Barnaby Egerton-Warburton	10,000,000	10,000,000	-	20,000,000	16,000,000
Gabriel Chiappini[1]	-	5,000,000	-	5,000,000	5,000,000
Justin Barton[2]	-	5,000,000	-	5,000,000	5,000,000
David Wheeler[3]	-	2,000,000	-	2,000,000	2,000,000
Total	**10,000,000**	**22,000,000**	**-**	**32,000,000**	**27,000,000**

2017

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

1 Mr Chiappini was appointed as a Director on 22 September 2016
2 Mr Barton was appointed as a Director on 1 March 2017 and resigned on 10 October 2017
3 Mr Wheeler was appointed as a Director on 10 October 2017

Options granted during the year to key management personnel

Directors	Number	Grant date	Expiry	Vesting conditions	Value per Option at Grant date	Value of options at grant date
Barnaby Egerton-Warburton	10,000,000	19-Dec-17	18-Dec-20	None	$0.0047	$46,883
Gabriel Chiappini[1]	5,000,000	19-Dec-17	18-Dec-20	None	$0.0047	$23,442
Justin Barton[2]	5,000,000	19-Dec-17	18-Dec-20	None	$0.0047	$23,442
David Wheeler[3]	2,000,000	19-Dec-17	18-Dec-20	None	$0.0047	$9,377

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.

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 2018 is as follows:

	Consolidated	
	2018	**2017**
	$	**$**
Company Secretarial services	20,200	22,500
Accounting and Book keeping services	29,500	48,568
Total	**49,700**	**71,068**

A summary of amounts payable to related parties at 30 June 2018 is as follows:

	Consolidated	
	2018	**2017**
	$	**$**
Pathways Corporate Pty Ltd [1]	3,333	-
Laurus Corporate Service Pty Ltd [2]	5,333	-
Barnaby Egerton- Warburton	28,064	-
Total	**36,730**	**-**

Note 1: David Wheeler is a shareholder and Director of Pathways Corporate Pty Ltd
Note 2: Gabriel Chiappini is a shareholder and Director of Laurus Corporate Services Pty Ltd

***********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 2018 has been received and can be found on page 13.

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.

EQUITY INSTRUMENTS ON ISSUE

Ordinary Shares
As at the date of this report, there were 524,132,187 listed ordinary shares on issue.

Options
As at the date of this report, the following unlisted options were on issue:

Number	Exercise price	Expiry	Vesting conditions	Exercisable
7,000,000	$0.0463	16 Nov 2018	On issue	Yes
2,000,000	$0.0463	16 Nov 2018	Various milestones	No
7,000,000	$0.0663	16 Nov 2018	On issue	Yes
2,000,000	$0.0663	16 Nov 2018	Various milestones	No
42,000,000	$0.013	18 Dec 2020	On issue	Yes

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
28 September 2018

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.

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 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

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

Perth, Western Australia
28 September 2018

D I Buckley
Partner

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: mailbox@hlbwa.com.au | Website: www.hlb.com.au

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2018

	Note	Consolidated 2018 $	Consolidated 2017 $
Revenue			
Finance income	4	3,655	4,577
Other income		7,911	7,119
Total revenue		**11,566**	**11,696**
Depreciation		-	(7,023)
Employee benefits expenses		(190,809)	(153,441)
Other expenses		(520,334)	(223,322)
Share based payments	16	(182,762)	(21,335)
Transaction costs		(465,801)	
Total costs from continuing operations		**(1,359,706)**	**(405,121)**
Loss before income tax expense		**(1,348,140)**	**(393,425)**
Income tax benefit	7	-	-
Loss for the year from continuing operations		**(1,348,140)**	**(393,425)**
Discontinued Operations			
Gain on sale of subsidiaries	21	-	1,982,108
Transaction costs	21	-	(73,550)
Impairment expense	21	-	(546,936)
Profit/(Loss) after income tax for the year		**-**	**968,197**
Other Comprehensive Income		-	-
Total Comprehensive Income/(Loss) for the year		**(1,348,140)**	**968,197**
Basic and diluted Profit (Loss) per share from continuing operations – cents per share	6	(0.27)	(0.11)
Basic and diluted Profit (Loss) per share from discontinued operations– cents per share	6	-	0.37

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

ENEABBA GAS LIMITED
ABN: 69 107 385 884

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2018

	Note	Consolidated 30 June 2018 $	Consolidated 30 June 2017 $
ASSETS			
Current assets			
Cash and cash equivalents	8	174,222	879,952
Receivables	9	18,046	14,467
Prepayments		5,032	5,169
Assets held for sale	10	320,000	320,000
Total current assets		**517,300**	**1,219,588**
TOTAL ASSETS		**517,300**	**1,219,588**
LIABILITIES			
Current liabilities			
Trade and other payables	12	297,912	56,737
Total current liabilities		**297,912**	**56,737**
TOTAL LIABILITIES		**297,912**	**56,737**
NET ASSETS		**219,388**	**1,162,851**
EQUITY			
Issued capital	13	12,108,760	11,886,845
Reserves	13	327,535	144,773
Accumulated losses		(12,216,907)	(10,868,767)
TOTAL EQUITY		**219,388**	**1,162,851**

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 2018

	Note	Issued Capital	Option Reserve	Accumulated Losses	Total Equity
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	16	-	21,335	-	21,335
Issued capital	13	802,612	-	-	802,612
Share issue costs	13	(8,308)	-	-	(8,308)
Options expired		-	(125,872)	125,872	-
Return of capital	13	(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**
Consolidated 2018					
Total equity at the beginning of the year		**11,886,845**	**144,773**	**(10,868,767)**	**1,162,851**
Total comprehensive loss for the year		-	-	(1,348,140)	(1,348,140)
Transactions with equity holders:					
Share-based payments	16	225,000	196,910	-	421,910
Share issue costs	13	(3,085)	-	-	(3,085)
Reversal of options unlikely to vest	13	-	(14,148)	-	(14,148)
Total equity at 30 June 2018		**12,108,760**	**327,535**	**(12,216,907)**	**219,388**

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 2018

	Note	Consolidated 2018 $	Consolidated 2017 $
Cash flows from operating activities			
Interest received		3,655	4,577
Other income		7,911	7,119
Payments to suppliers and employees		(473,411)	(246,427)
Project marketing cost		-	(45,000)
Project due diligence		(240,801)	(186,787)
Net cash (used in) operating activities	14	**(702,646)**	**(466,518)**
Cash flows from investing activities			
Cash paid on acquisition of subsidiary	10	-	(275,000)
Net cash (used in) investing activities		**-**	**(275,000)**
Cash flows from financing activities			
Proceeds from share issue		-	802,612
Capital raising costs		(3,085)	(8,307)
Net cash (used in)/ provided by financing activities		**(3,085)**	**794,305**
Net (decrease)/ increase in cash and cash equivalents		(705,730)	52,787
Cash and cash equivalents at the beginning of the year		879,952	827,165
Cash and cash equivalents at the end of the year	8	**174,222**	**879,952**

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

NOTES TO THE FINANCIAL STATEMENTS

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 2018 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 , 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) and the *Corporations Act 2001*.

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 28 September 2018.

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 loss after tax for the year ended 30 June 2018 of $1,348,140, had a net working capital surplus of $219,388 at 30 June 2018 and experienced net cash outflows from operating activities for the year of $702,646.

As at 30 June 2018, the cash balance of the Group was $174,222. 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.
- Subsequent to year end the Company completed the sale of its Dongara land holding receiving net proceeds of approximately $325,000.

Historical cost convention

These financial statements have been prepared under the historical cost convention, with the exception of 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

Subsidiaries

The consolidated financial statements comprise the assets and liabilities of Eneabba Gas Limited and its subsidiaries at 30 June 2018 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)

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.

(a) Principles of Consolidation (Continued)

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 19).

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) Current assets held for sale

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) 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

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.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) 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 21.

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.

(r) 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) 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.

(ii) 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.

(iii) Fair value less costs to sell of 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.

(s) Comparative Information

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

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Parent Entity Information

The financial statements for the parent entity, Eneabba Gas Limited, disclosed in Note 20 have been prepared on the same basis as the consolidated financial statements.

(u) New Accounting Standards for Application in Future Years

In the year ended 30 June 2018, 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 2018. 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 the preliminary review, do not expect the application of these standards to have a material impact on the Group's business, based on current operations.

NOTE 4: REVENUE

	Consolidated	
	2018	**2017**
	$	**$**
Finance income		
Interest income	3,655	4,577
Total finance income	**3,655**	**4,577**

NOTE 5: SIGNIFICANT PROFIT / (LOSS) ITEMS

	Consolidated	
	2018	**2017**
	$	**$**
Profit / loss before income tax is determined after crediting (charging) the following items**:**		
Depreciation of plant and equipment	-	(7,023)
Share based payments – Directors and consultants	(182,762)	(21,335)
Share based payments – transaction costs	(225,000)	-
Transaction costs	(240,801)	-
Withholding tax penalty	(173,056)	-
Total	**(821,619)**	**(28,358)**

NOTE 6: EARNINGS (LOSS) PER SHARE

	Consolidated	
	2018	**2017**
	$	**$**
Basic and diluted (loss) per share – cents – continuing operations	(0.27)	(0.11)
(Loss) used in the calculation of basic and diluted loss per share – continuing operations	(1,348,140)	(393,425)
Basic and diluted earnings per share – cents – discontinued operations	-	0.37
Profit used in the calculation of basic and diluted earnings per share – discontinued operations	-	1,361,622
Weighted average number of ordinary shares outstanding during the year used in calculation of basic loss per share – continued and discontinued operations	506,792,099	368,933,187
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted loss per share – continued and discontinued operations	506,792,099	368,933,187

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	
	2018	**2017**
	$	**$**
(Loss) / profit before tax	(1,348,140)	968,197
Tax at the statutory rate of 27.5% (2017: 30%):	(370,739)	266,254
Add: Permanent non-deductible differences	237,593	-
Current year temporary differences not recognised	(13,209)	-
Effect of tax losses and tax offsets not recognised as deferred tax assets	146,355	(266,254)
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	
	2018	**2017**
	$	**$**
Tax losses	2,437,892	3,647,016

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	
	2018	**2017**
	$	**$**
Reconciliation to Statement of Financial Position		
Cash at bank	174,222	879,952
Total cash and cash equivalents(1)	**174,222**	**879,952**

[1] Cash at bank is subject to floating interest rates at an effective interest rate of 1.36% (2017: 0.60%).

NOTE 9: TRADE AND OTHER RECEIVABLES

	Consolidated	
	2018	**2017**
	$	**$**
Current		
Other receivables(1)	18,046	14,467
Total trade and other receivables (net of GST)	**18,046**	**14,467**

(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: CURRENT ASSETS HELD FOR SALE

	Consolidated	
	2018	**2017**
	$	**$**
Opening balance:	320,000	1,842,309
Completion of the acquisition of the Ocean Hill Project[1]	-	299,000
Asset disposed[2]	-	(2,141,309)
Transfer from property, plant & equipment[3]	-	320,000
Total current assets held for sale	**320,000**	**320,000**

[1] During the prior 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. 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.

NOTE 11: CONTINGENT ASSETS & LIABILITIES

The Directors are not aware of any contingent assets or liabilities that may arise from the Group's operations as at 30 June 2018.

NOTE 12: TRADE AND OTHER PAYABLES

	Consolidated	
	2018	**2017**
	$	**$**
Trade payables – continuing operations [(1)]	297,912	37,121
Accruals	-	19,616
	297,912	**56,737**

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

NOTE 13: ISSUED CAPITAL & RESERVES

CONSOLIDATED 2018	**No.**	**$**
(a) Issued and Paid Up Capital		
Fully paid ordinary shares	**524,132,187**	**12,108,760**
(b) Movements in fully paid shares on issue		
Balance as at 1 July 2017	501,632,187	11,886,845
Issue of shares	22,500,000	225,000
Issue costs	-	(3,085)
Balance as at 30 June 2018	**524,132,187**	**12,108,760**
(c) Option Reserve		
Balance as at 1 July 2017	18,000,000	144,773
Share based payment	42,000,000	196,910
Reversal of options unlikely to vest	-	(14,148)
Balance as at 30 June 2018	**60,000,000**	**327,535**

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	40,000,000	960,000
Entitlement issue	200,652,875	802,612
Issue costs	-	(8,308)
Return of capital	-	(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 13: ISSUED CAPITAL & RESERVES (CONTINUED)

As at the year end the Company had a total of 60,000,000 unissued ordinary shares on which options are outstanding with a weighted average exercise price of 2.30 cents (2017: 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 1.84 years (2017: 1.38 years). No options were exercised during the current year. 18,000,000 options are due to expire on 16 November 2018 (which have varying vesting conditions as shown below) and the remaining 42,000,000 options are due to expire on 18 December 2020.

The options noted below which have not vested are unlikely to vest and as such no expense has been recognised in relation to the options. $14,148 was reversed in the current year (refer to note 13).

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.

42,000,000 options were issued during the year ended 30 June 2018 (2017: nil).

2018								
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**	**%**
42,000,000*	19-Dec-17	$0.00	$0.01	18-Dec-20	19-Dec-17	18-Dec-20	Yes	100%
7,000,000	10-Nov-15	$0.01	$0.05	16-Nov-18	10-Nov-15	16-Nov-18	Yes	100%
2,000,000	10-Nov-15	$0.01	$0.05	16-Nov-18	Milestone	16-Nov-18	No	42%
7,000,000	10-Nov-15	$0.01	$0.07	16-Nov-18	16-Sep-16	16-Nov-18	Yes	100%
2,000,000	10-Nov-15	$0.01	$0.07	16-Nov-18	Milestone	16-Nov-18	No	42%

*22,000,000 options were issued to Directors

There are no voting rights attached, the options are not transferable and they may be exercised at any time until 18 December 2020, if they have vested successfully and are not subject to an escrow period.

NOTE 14: OPERATING CASH FLOW INFORMATION

	Consolidated 2018 $	Consolidated 2017 $
Reconciliation of Loss for the Year to Net Cash Flows (used in) Operations		
Profit (Loss) for the year	(1,348,140)	968,197
Adjustments for:		
Share based payments	182,762	21,335
Transaction costs	225,000	-
Depreciation	-	7,023
Exploration write-off	-	5,708
Profit on disposal of subsidiaries	-	(1,982,108)
Impairment of land	-	546,936
Changes in assets and liabilities:		
(Increase) / decrease in trade and other receivables	(3,579)	1,082
(Increase) / decrease in prepayments	137	2,152
Increase / (decrease) in trade and other payables	241,174	(36,842)
Net cash flows (used in) operations	**(702,646)**	**(466,518)**

NOTE 15: 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 2018
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 2018 $	Consolidated 2017 $
Short term employee benefits	187,732	134,083
Post-employment benefits	-	10,885
Share based payments	103,144	20,287
Total	**290,876**	**165,255**

NOTE 15: 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.

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 2018 is as follows:

	Consolidated	
	2018	**2017**
	$	**$**
Company Secretarial services	20,200	22,500
Accounting and Book keeping services	29,500	48,568
Total	**49,700**	**71,068**

A summary of amounts payable to related parties at 30 June 2018 is as follows:

	Consolidated	
	2018	**2017**
	$	**$**
Pathways Corporate Pty Ltd [1]	3,333	-
Laurus Corporate Service Pty Ltd [2]	5,333	-
Barnaby Egerton- Warburton	28,064	-
Total	**36,730**	**-**

Note 1: David Wheeler is a shareholder and Director of Pathways Corporate Pty Ltd
Note 2: Gabriel Chiappini is a shareholder and Director of Laurus Corporate Services Pty Ltd

NOTE 16: 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:

NOTE 16: SHARE BASED PAYMENTS (CONTINUED)

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

Director and Employee Options
42,000,000 options were issued in the year ended 30 June 2018 (2017: nil). The options issued to Directors and Consultants were issued on the terms and conditions as detailed in Note 13 above.

The black-scholes pricing model was used to value these options. Inputs into the valuation model were as follows:

- Spot price: The spot price of the Company's shares was $0.0012 per share at the close of trade on 19 December 2017, the closing price immediately prior to Valuation Date.

- Expected future volatility: The share price volatility of the Company at 100% for the securities, was calculated and based on assessing historical volatility over recent trading periods.

- Risk free rate: Determined based on volatility yields of Commonwealth bonds using a three-year bond, the period which most closely corresponds to the maximum life of the Options. The interest rates were measured as the closing rate on the day prior to the Valuation Date. A three-year bond yielded 2.09% on 19 December 2017 as disclosed by the Reserve Bank of Australia.

- Dividend yield: Assumed dividend yield of 0% as the Company does not have a history of paying dividends and is not expected to declare or pay any dividends over the life of the Rights.

Reconciliation of options on issued over the financial period:

Exercise price	Expiry	Vesting conditions	1-Jul-17	Issued during the year	Exercised during the year	Forfeited during the year	30-Jun-18	Vested and exercisable at 30 June 2018
$0.05	16-Nov-18	On issue	7,000,000	-	-	-	7,000,000	Yes
$0.05	16-Nov-18	Various milestones	2,000,000	-	-	-	2,000,000	No
$0.07	16-Nov-18	On issue	7,000,000	-	-	-	7,000,000	Yes
$0.07	16-Nov-18	Various milestones	2,000,000	-	-	-	2,000,000	No
$0.01	18-Dec-20	On issue	-	42,000,000	-	-	42,000,000	Yes
Total			**18,000,000**	**42,000,000**	**-**	**-**	**60,000,000**	

Issue of ordinary shares as part of the Domingo transaction
During the year 22,500,000 ordinary shares were issued in relation to the conditional acquisition of Domingo Lithium Pty Ltd. These shares were fully expensed due to the underlying tenements not having been granted at reporting date. The share price used in the valuation was the share price at the date of grant being $0.01 per share.

NOTE 17: AUDITOR'S REMUNERATION

	Consolidated 2018	Consolidated 2017
	$	**$**
Amounts payable to auditor of the Group		
Audit and review services - payable to HLB Mann Judd	41,500	25,500
Non-audit services	-	-
	41,500	**25,500**

NOTE 18: 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.

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 2018 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 12.

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 2018:		**Effect On:**	**Effect On:**
		Profit/Loss	**Equity**
Consolidated		**2018**	**2018**
Risk Variable	**Sensitivity***	**$**	**$**
Interest Rate	+ 1.00%	37	37
	- 1.00%	(37)	(37)

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

30 June 2017:		**Effect On:**	**Effect On:**
		Profit/Loss	**Equity**
Consolidated		**2017**	**2017**
Risk Variable	**Sensitivity***	**$**	**$**
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.

NOTE 18: FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

e) Fair value

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

NOTE 19: 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.

	Energy & Electricity Generation	Discontinued Operations	Unallocated	Consolidated
2018	**$**	**$**	**$**	**$**
Segment income				
Interest received	-	-	3,655	3,655
Other income	7,911	-	-	7,911
Total income	7,911	-	3,655	11,566
Segment expenses				
Net other costs	-	-	(1,359,706)	(1,359,706)
Profit/(Loss) before share-based payments	7,911	-	(1,173,289)	(1,165,378)
Share- based payment	-	-	(182,762)	(182,762)
Gain/(Loss) before income tax	7,911	-	(1,356,051)	(1,348,140)
Segment assets and liabilities				
Other current assets	-	320,000	197,300	517,300
Current liabilities	-	-	(297,912)	(297,912)
Net assets	-	320,000	(100,612)	219,388

NOTE 19: SEGMENT REPORTING (CONTINUED)

2017	Energy & Electricity Generation $	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

NOTE 20: PARENT ENTITY DISCLOSURES

As at 30 June 2018, and throughout the year then ended, the parent company of the Group was Eneabba Gas Limited.

	Company 2018 $	Company 2017 $
Result of the parent entity		
Gain (Loss) for the year	1,028,140	1,523,553
Other comprehensive income	-	-
Total comprehensive (loss) for the year	1,028,140	1,523,553
Financial position of the parent entity at year end		
Current assets	499,253	899,588
Non-current assets	-	-
Total assets	499,253	899,588
Current liabilities	279,865	56,737
Total liabilities	279,865	56,737
Net Assets	219,388	842,851
Total equity of the parent entity comprising of:		
Share capital	12,108,760	11,886,845
Option reserve	327,535	144,773
Accumulated losses	(12,216,907)	(11,188,767)
Total equity	219,388	842,851

Parent Entity Contingencies

The Directors are not aware of any contingent liabilities that may arise from the Company's operations as at 30 June 2018.

NOTE 21: DISCONTINUED OPERATIONS

During the prior 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:

	2018 $	2017 $
Gain on sale of subsidiary	-	1,982,108
Transaction costs	-	(73,550)
Impairment expense	-	(546,936)
Gain (Loss) from discontinued operations before tax	**-**	**1,361,622**

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:

	2018 $	2017 $
Current Assets:		
Current assets held for sale	320,000	320,000
Assets classified as discontinued operations	320,000	320,000
Current liabilities:		
Trade and other payables	-	-
Deferred consideration on acquisition of permit	-	-
Liabilities classified as discontinued operations	-	-

NOTE 22: SUBSEQUENT EVENTS

Subsequent to 30 June 2018, the Company entered into a conditional sale of land contract to dispose of its Dongara Freehold land in the Shire of Irwin.

On 24 September 2018, the Company announced that it had completed the sale. The sale price for the property was $425,000. Net proceeds to Eneabba were subject to an 18% fee payable to the lessee Giovi Group for early termination of their lease covering the property. Allowing for estate agent fees, Giovi Group lease termination and settlement agent fees, Eneabba received approximately $325,000.

DIRECTORS' DECLARATION

In the Directors' opinion:

a) the accompanying financial statements set out on pages 14 to 36 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 2018 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 2018.

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

Barnaby Egerton-Warburton
Managing Director
Perth
28 September 2018

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 2018, the consolidated statement of profit or loss and other 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 2018 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.

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: mailbox@hlbwa.com.au | Website: www.hlb.com.au

HLB Mann Judd

Key Audit Matter	How our audit addressed the key audit matter
Land held for-sale Note 10 of the financial report	
As at 30 June 2018, 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.	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; ▪ We examined the disclosures made in the financial report: and ▪ Confirmed terms of the sale of land post year end materially agreed to carrying value.

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 2018, 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.

HLB Mann Judd

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.

HLB Mann Judd

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 2018.

In our opinion, the Remuneration Report of Eneabba Gas Limited for the year ended 30 June 2018 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

Perth, Western Australia
28 September 2018

D I Buckley

D I Buckley
Partner

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 27 September 2018 is 501,632,187 ordinary fully paid shares. All ordinary shares carry one vote per share.

TOP 20 SHAREHOLDERS AS AT 27 SEPTEMBER 2018

		No. of Shares Held	% Held
1	CELTIC CAP PTE LTD	37,500,000	7.15%
2	BNP PARIBAS NOM PL	25,603,035	4.88%
3	HSBC CUSTODY NOM AUST LTD	17,817,167	3.40%
4	KUANG KOO SING + LAI WAH	17,532,487	3.35%
5	GETMEOUTOFHERE PL	16,304,826	3.11%
6	ST BARNABAS INV PL	15,113,121	2.88%
7	WONG WILLIAM TIEN LEONG	12,500,000	2.38%
8	BXW PL	12,244,152	2.34%
9	RIVERVIEW CORP PL	10,486,010	2.00%
10	BATAVIA CAP PL	10,000,000	1.91%
11	6466 INV PL	9,583,334	1.83%
12	GOH THOMAS LIK CHENG	9,000,000	1.72%
13	CELTIC CAP PL	8,771,929	1.67%
14	GOTHA STREET CAP PL	8,250,000	1.57%
15	STRAT PLAN PL	8,010,000	1.53%
16	AVENGER PL	8,000,000	1.53%
17	PATHWAYS CAP PL	7,412,281	1.41%
18	MONARCH ASSET MGNT PL	6,500,000	1.24%
19	PATHWAYS CORP INV PL	6,250,000	1.19%
20	CONDOR PROSPECTING PL	5,762,500	1.10%
		252,640,842	**48.19%**

SHAREHOLDER DISTRIBUTION

Share Range	No. of Holders
1 – 1,000	26
1,001 – 5,000	12
5,001 – 10,000	37
10,001 – 100,000	235
100,001 and above	301
	611

SUBSTANTIAL SHAREHOLDERS

As at 27 September 2018:
Mr Jason Peterson 10.22%