

CORPORATE GOVERNANCE STATEMENT

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

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

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

THE BOARD OF DIRECTORS

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

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

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

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

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

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

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

INDEPENDENCE

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

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

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

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

APPOINTMENTS TO OTHER BOARDS

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

INDEPENDENT PROFESSIONAL ADVICE

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

GENDER DIVERSITY

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

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

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

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

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

CONTINUOUS REVIEW OF CORPORATE GOVERNANCE

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

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

CONTINUOUS DISCLOSURE

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

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

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

CODE OF CONDUCT

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

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

COMMUNICATIONS POLICY

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

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

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

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

RISK MANAGEMENT SYSTEMS

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

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

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

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

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

ASX PRINCIPLES OF GOOD CORPORATE GOVERNANCE

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

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

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

ASX Principle	Reference/comment	
Principle 1: Lay solid foundations for management and oversight		
1.5	The Board should establish a diversity policy	The Company has not adopted an express policy specifically addressing achievement of gender diversity. Due to the current limited size of the Board, the Board does not consider it necessary to have a gender diversity policy, but will consider adopting a policy in the future. Furthermore, the Company has not set any objectives for achieving gender diversity. Should a gender diversity policy be considered appropriate for the Company in the future due to increases in size of the organisation, the policy will specifically deal with the objectives for achieving diversity. The Company's corporate code of conduct provides a framework for undertaking ethical conduct in employment. Under the corporate code of conduct, the Company will not tolerate any form of discrimination or harassment in the workplace.
Principle 2: Structure the Board to add value		
2.1	The Board should establish a nomination committee	Given the size of the Board there is no formal nomination committee. Acting in its ordinary capacity from time to time as required, the Board carries out the process of determining the need for, screening and appointing new Directors. In view of the size and resources available to the Company, it is not considered that a separate nomination committee would add any substance to this process.
Principle 4: Safeguard integrity in financial reporting		
4.1	The Board should establish an audit committee	The Company does not have an Audit Committee. The Board believes that, with only 3 Directors on the Board, the Board itself is the appropriate forum to deal with this function.
Principle 7: Recognise and manage risk		
7.1-2	The Board should establish a risk committee	The Company does not have a Risk Committee. The Board believes that, with only 3 Directors on the Board, the Board itself is the appropriate forum to deal with this function. The board continuously reviews and addresses risk facing the Company.
Principle 8: Remunerate fairly and responsibly		
8.1	The Board should establish a remuneration committee	Given the current size of the Board, the Company does not have a remuneration committee. The Board as a whole reviews remuneration levels on an individual basis, the size of the Company making individual assessment more appropriate than formal remuneration policies. In doing so, the Board seeks to retain professional services as it requires, at reasonable market rates, and seeks external advice and market comparisons where necessary.