



25 February 2016

**ASX Announcement**

**ENEABBA GAS TO MERGE PERTH BASIN ASSETS WITH UIL ENERGY LIMITED**

**Highlights**

- Eneabba Gas and UIL Energy have agreed binding terms to consolidate their respective Perth Basin permits, creating a larger, more diverse Perth Basin explorer;
- UIL Energy will acquire Eneabba Gas's Perth Basin permits, via the purchase of two wholly owned subsidiaries, in exchange for shares in UIL Energy;
- The consolidation of assets creates a diversified Perth Basin focused explorer with a footprint in the Perth Basin over 700,000 acres – one of the largest holdings in this producing region
- Subject to completion, Eneabba shareholders to receive:
  - 55 million shares in UIL Energy (equivalent to receiving 1 share in UIL Energy for approximately every 5.5 Eneabba Gas shares held); and
  - A further 35 million shares in UIL Energy in the event of successful results from drilling Ocean Hill#2 well (equivalent to receiving 1 additional share in UIL Energy for approximately every 8.6 Eneabba Gas shares held)
- Following completion, Eneabba Chairman, Garry Marsden, will be invited to join the UIL Energy board and Barnaby Egerton-Warburton will also join the UIL executive team.
- ENB will retain 100% ownership of the Centauri-1 power station with a first right to acquire gas from a commercial discovery at Ocean Hill.

Eneabba Gas Ltd (**Eneabba**) (ASX: **ENB**) is pleased to announce that it has entered into a binding agreement for 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**). Consideration for the asset sale is 55 million UIL convertible redeemable preference shares (CRPS) and a further 35 million UIL convertible redeemable preference shares (CRPS) on a successful well being completed at the Ocean Hill project. The initial 55 million share tranche will equate to ENB shareholders holding approximately 35% interest in UIL Energy.

**Eneabba Gas Limited**

Ground Floor, 16 Ord Street West Perth, Western Australia.

Phone: +61 8 9482 0555 Fax: +61 8 9482 0505 Email: [info@eneabbagas.com.au](mailto:info@eneabbagas.com.au)

Upon completion of the transaction ENB shareholders will be invested into one of the largest acreage positions in the Perth Basin. UIL Energy will be sole owner and operator of over 700,000 acres in the most active petroleum basin in Australia – see Figure 1 below. The consolidation and focused ownership of the ENB and UIL permits provides great flexibility, and considerable strategic value for both ENB and UIL shareholders. Through this consolidation transaction both Eneabba Gas and UIL Energy shareholders will share in the strategic value of their combined portfolio of Perth Basin permits.

This transaction is another step in UIL's growth and greatly strengthens the platform to act on further expansion opportunities, which are continually being assessed by UIL.

**Eneabba Gas's Chairman Garry Marsden commented:**

*"We are excited about the merger of our Perth Basin Assets with UIL. The opportunity to grow our interest in the basin with UIL and their highly accomplished management and technical team is a very attractive proposition. To support the ENB shareholders' equity in UIL Limited, I will be offered a role as non-executive director of UIL Limited and Barnaby Egerton-Warburton will be joining the UIL executive team".*

**Managing Director Barnaby Egerton-Warburton commented:**

*"While the global energy market falters we have been busy working to grow our position in the Perth Basin where we envisage gas shortages and supply constraints in the coming years. Controlling a significantly larger acreage position in this productive and growing basin is an imperative strategy for the future. The merger of assets into UIL will allow ENB shareholders to participate in this exciting hydrocarbon play with their shareholding in UIL and also participate in other opportunities that Eneabba will pursue".*

**Transaction Summary**

Pursuant to the SSA, UIL Energy will purchase Eneabba Gas's two subsidiaries, Oceanhill 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).

On completion of the Share Sale Agreement ("SSA"), UIL Energy will issue to Eneabba Gas a total of 90 million convertible redeemable preference shares in UIL Energy (**CRPS**) which Eneabba Gas will, after completion of the SSA, distribute pro-rata to its shareholders. Immediately upon distribution to the shareholders of Eneabba Gas, 55 million of these CRPS will automatically convert into 55 million ordinary shares in UIL that will 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. A successful well is defined as gas flow producing at commercial rates and agreement on a further appraisal well. The CRPS can be redeemed by UIL Energy for a nominal amount if the terms relating to issue are not satisfied by a deemed successful well or if a well is not spudded before the long stop date of 31 December 2019.

As a result, Eneabba Gas shareholders will retain direct exposure to the potential of the Eneabba Perth Basin projects, as well as gain exposure to UIL Energy's extensive Perth Basin portfolio while retaining 100% ownership of the Power Centauri-1 power station (refer Figure 2).

Completion of the transaction is subject to certain terms and conditions that include:

- Eneabba Gas Limited becoming the sole registered and beneficial owner of EPA90 permit and the issue of the exploration permit in respect of EPA90;
- Eneabba Gas shareholders approving the SSA;
- UIL Energy shareholders approving the SSA; and
- Lodgment by Eneabba Gas of a prospectus in respect of the in specie distribution of the UIL Energy CRPS to Eneabba Gas shareholders.

On completion of the transaction the UIL Energy Board would be expanded with Garry Marsden from Eneabba Gas to be appointed as a UIL Energy Director. John De Stefani will remain as Managing Director of UIL Energy, and Barnaby Egerton-Warburton will join the UIL Energy executive team in the role of Business Development Manager.

A notice of meeting to shareholders to approve the transaction is expected within four weeks. ENB will keep the market fully informed and updated on the progression of the transaction over the coming weeks.

***For further information contact:***

**Barnaby Egerton-Warburton**

Managing Director

Tel: +61 9482 0555

**Eneabba Gas Limited**

Ground Floor, 16 Ord Street

West Perth, Western Australia

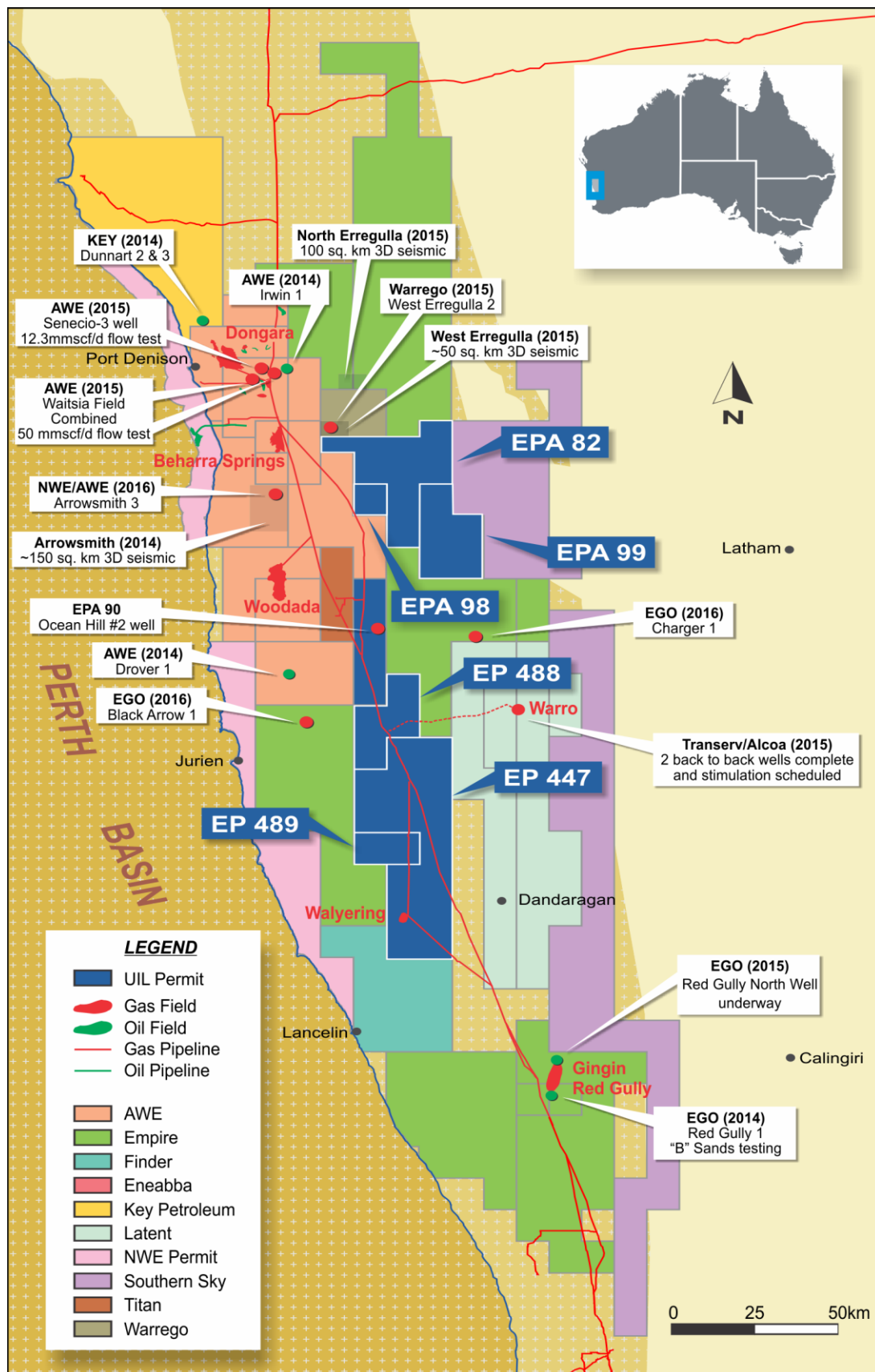
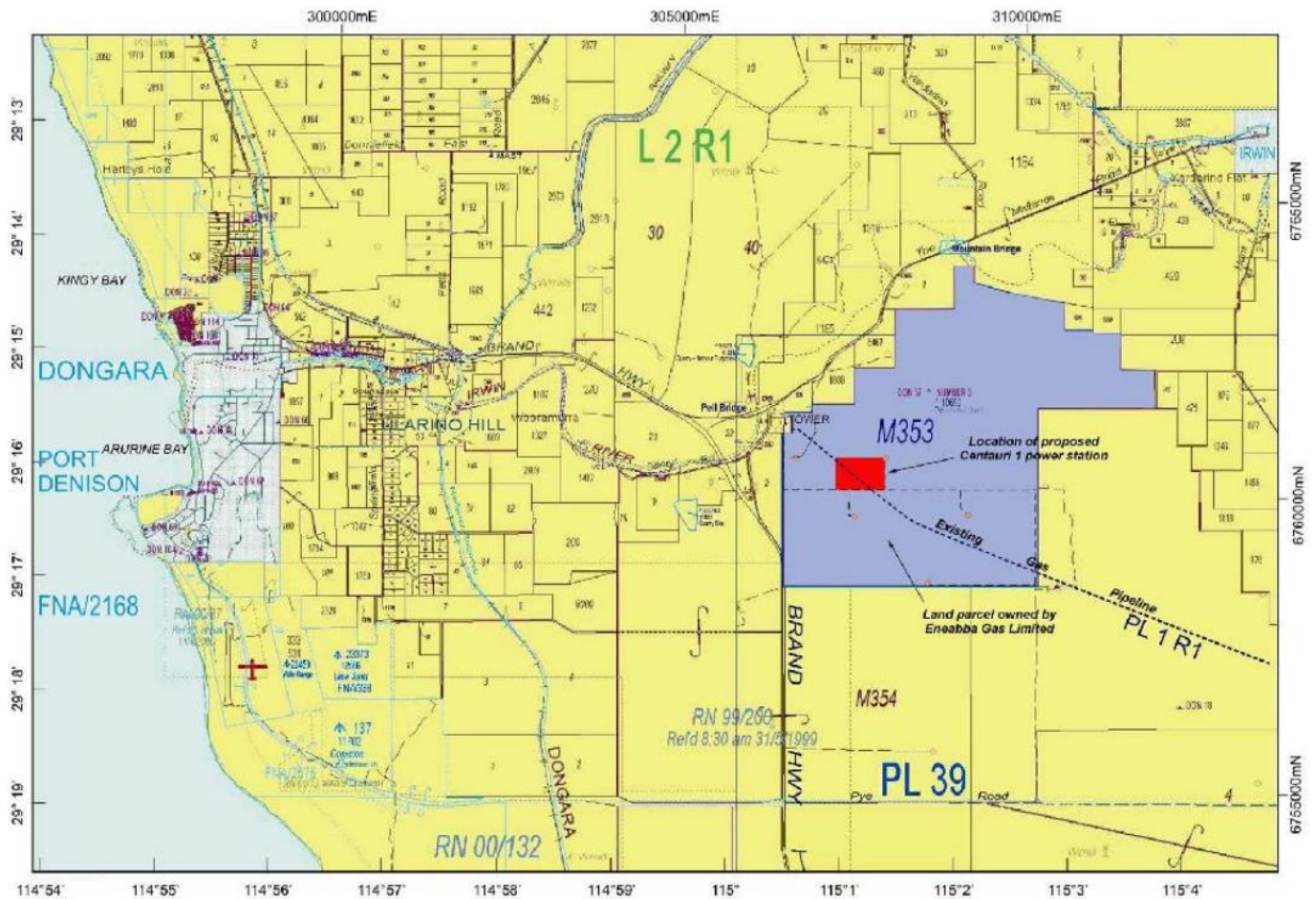


Figure 1: The Eneabba / UIL Energy Perth Basin Portfolio following completion of the acquisition

## About Eneabba Gas Limited

Eneabba Gas will retain 100% ownership of its fully permitted Centauri-1 power station located approximately 12km east of Dongara Western Australia. Eneabba has retained a first right of refusal to purchase on commercial terms any gas discovered from either Ocean Hill if commercial discovery be made. Eneabba will continue to explore options for Centauri as well as other potential market opportunities for the company.



**Figure 2. ENB's Centauri-1 permitted power station location. Red indicates power station permitted site, grey indicates ENB owned land.**