

THIS DOCUMENT IS IMPORTANT. IT IS NOT A DISCLOSURE DOCUMENT UNDER THE CORPORATIONS ACT 2001. IT IS AN OFFER DOCUMENT ISSUED IN CONJUNCTION WITH A NOTICE UNDER SECTION 708AA OF THE CORPORATIONS ACT 2001.

ENEGEX LIMITED

ABN 281 6081 8986

RIGHTS ISSUE

NON-RENOUNCEABLE PRO RATA OFFER OF NEW SHARES AT AN ISSUE PRICE OF \$0.012 (1.2 CENTS) PER SHARE ON THE BASIS OF ONE NEW SHARE FOR EVERY TWO SHARES HELD ON THE RECORD DATE TO RAISE UP TO \$321,999

THE ISSUE IS FULLY UNDERWRITTEN BY NATURAL RESOURCES GROUP PTY LTD (ABN 46 004 650 597)

ANY INVESTMENT IN THE COMPANY'S SHARES SHOULD BE CONSIDERED SPECULATIVE.

This Rights Issue document is for the offer of continuously quoted securities (as defined in the Corporations Act) of the Company. This Rights Issue document is not a disclosure document for the purposes of Chapter 6D of the Corporations Act and has not been lodged with ASIC. The Company is offering the securities under this Rights Issue document without disclosure to investors under Chapter 6D of the Corporations Act pursuant to section 708AA of the Corporations Act. Accordingly, the level of disclosure contained in this Rights Issue document is less than that required under a prospectus and Members should consider all relevant facts and circumstances, including their knowledge of the Company and disclosures made to ASX, before deciding whether to take up their respective Entitlements.

All Entitlements not taken up by Eligible Members will lapse.

INVESTORS SHOULD OBTAIN PROFESSIONAL INVESTMENT ADVICE BEFORE ACCEPTING ANY OFFER OR INVITATION TO SUBSCRIBE FOR NEW SHARES CONTAINED HEREIN.

DIRECTORS

Graeme Menzies

Chairman

Geoffrey Albers

Director

Rae Clark

Director

COMPANY SECRETARY

Robert Wright

REGISTERED OFFICE

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SHARE REGISTRY

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Telephone: +61 (0)3 9615 9947

Facsimile: +61 (0)3 9633 8495

Website: www.linkmarketservices.com.au

AUDITORS

Grant Thornton Audit Pty Ltd

Level 30

525 Collins Street

Melbourne, Victoria 3000 Australia

STOCK EXCHANGE LISTING

ASX Limited

Level 4, North Tower, Rialto,

525 Collins Street,

Melbourne, Victoria 3000

Website: www.asx.com.au

ASX Code: ENX

INCORPORATION

Incorporated in the state of Victoria on 17 October 2012.

TABLE OF CONTENTS

Chairman's Letter	1
Section 1 DETAILS OF THE OFFER	2
Section 2 CAPITAL STRUCTURE & FINANCIAL INFORMATION	12
Section 3 CORPORATE STRATEGY, ACTIVITIES & OPERATIONS	15
Section 4 MANAGEMENT	17
Section 5 RISKS INVOLVED IN INVESTING IN ENEGEX	18
Section 6 GENERAL MATTERS	21
Section 7 DEFINITIONS AND GLOSSARY	25

THE STATEMENTS BELOW ARE IMPORTANT. APPLICANTS SHOULD READ CAREFULLY BEFORE CONTINUING FURTHER

FORWARD LOOKING STATEMENTS

Various statements in this Rights Issue document relate to intentions, future acts and events. Such statements are generally classified as forward looking statements and involve known and unknown risks, uncertainties and other important factors that could cause those future acts, events and circumstances to differ from the way or manner in which they are expressly or implicitly portrayed in this Rights Issue document.

APPLICATION FOR LISTING ON ASX

Application will be made for Official Quotation of the securities offered under this Rights Issue document on ASX Limited ("ASX"). The fact that ASX may list the securities is not to be taken in any way as an indication of the merits of the Company or the Shares. ASX takes no responsibility for the contents of this Rights Issue document, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon any part of the content of this Rights Issue document.

SUITABILITY OF INVESTMENT AND RISK FACTORS

Before deciding to invest in the Company, potential investors should read this entire Rights Issue document, in particular, the summary of the Company's business and activities in Section 4 and the risk factors in Section 6. They should carefully consider these factors in the light of their personal circumstances (including financial and taxation issues) and seek professional advice from their accountant, stockbroker, lawyer, licensed financial adviser or other professional adviser before deciding to invest in any securities that are the subject of this Rights Issue document.



Dear Shareholder,

On behalf of the Board of EnegeX Limited ("**EnegeX**" or the "**Company**"), I invite you to participate in EnegeX's non-renounceable pro rata rights issue of one (1) new Share for every two Shares held and registered at 7.00pm (AEST) on Friday 27 May 2016 ("**Record Date**") at an issue price of \$0.012 (1.2 cents) per new Share ("**Rights Issue**").

The new Shares to be issued under this Rights Issue will be ordinary fully paid shares.

The Rights Issue seeks to raise up to \$321,999 (before costs) to strengthen the Company's balance sheet, enabling the company to fund its participation in the Cornea Retention Lease WA-54R and to provide a modest amount of working capital. Funds raised will also position EnegeX to consider further opportunities to grow shareholder value. As the Rights Issue is fully underwritten by Natural Resources Group Pty Ltd ("**NRG**" or "**Underwriter**"), a total of approximately 26,833,246 new Shares would be issued pursuant to the Rights Issue.

NRG is a company associated with Mr E.G. Albers, a Director of the Company. Mr Albers and his Associates are substantial shareholders in the Company and details of those interests are set out in Section 2.

A summary of the underwriting agreement ("**Underwriting Agreement**") is set out in section 6.

A summary of EnegeX's present activities is set out in Section 3, while Section 5 contains details of the primary risks to which any investment in EnegeX's shares is subject. To fully inform themselves of history of EnegeX's activities, investors should access EnegeX's announcements on either EnegeX's website (www.enegeX.com) or the ASX Announcements page under ASX Code: ENX.

I encourage you to read this Rights Issue document in full, in particular the Risk Factors set out in Section 5, before deciding whether to take up your Entitlement under the Rights Issue. Should you have any doubts about what action to take, you should consult your stockbroker, accountant or other professional advisor.

On behalf of the Board, I invite you to consider this investment opportunity and look forward to your continuing support of EnegeX.

For and on behalf of the Board

A handwritten signature in black ink, appearing to read "Graeme Menzies", followed by a horizontal line.

Mr Graeme Menzies
Chairman
24 May 2016

Section 1 DETAILS OF THE OFFER

THE OFFER

Before making a decision to invest in or subscribe for Shares, you should read this Rights Issue document in full, with particular regard to the Risk Factors in Section 5 and your own investment parameters and, as necessary, should seek independent professional advice from appropriate advisers. An investment by you in ENEGEX should be considered as a speculative investment.

The funds raised under the Rights Issue, together with ENEGEX's existing funds, will enable ENEGEX to fund its short-term participation in the Cornea Retention Lease, W-54-R, provide working capital and will also position ENEGEX to consider further opportunities to grow shareholder value.

PRO RATA RIGHTS ISSUE

This Rights Issue is an offer of 26,833,246 new Shares under section 708AA of the Corporations Act (**"the Offer"**).

The issue is fully underwritten by NRG, which is a company associated with Mr E G Albers.

The issue price of \$0.012 (1.2 cents) per new Share (**"Issue Price"**) compares with the last sale price of shares in ENEGEX of 1.3 cents. Where the aggregate Issue Price of all new Shares applied for by an Eligible Member includes a fraction of a cent, the Application Moneys payable will be rounded down to the next cent.

ELIGIBLE MEMBERS ENTITLEMENTS

ENEGEX invites all of its members who are registered at 7.00pm (AEST) on Friday 27 May 2016 (**"Record Date"**) (**"Members"**) who are Eligible Members to participate in this non renounceable pro rata Rights Issue on the basis of one (1) new fully paid ordinary Share in the Company for every two (2) Shares held on the Record Date, at the Issue Price of \$0.012 (1.2 cents) per Share.

Fractional entitlements to new Shares will be rounded up to the next whole Share.

This Rights Issue document will be sent to all Eligible Members as at the Record Date. This Rights Issue document will also be available from the Company's website: www.enegex.com.

Shares to be issued under this Rights Issue are ordinary shares and will rank equally with all other ordinary shares on issue from the date of issue and allotment. Details of the rights and liabilities attaching to the Shares are set out in Section 6 below.

A personalised Entitlement and Acceptance Form, which sets out each Eligible Member's entitlement to new Shares and, for those members holding less than a Marketable Parcel (as defined by ASX rules), the right to apply for Shortfall Shares, accompanies this Rights Issue document. See below for further information.

SHORTFALL OFFER

All Eligible Members, other than related parties of ENEGEX and their Associates:

- (a) who hold currently less than a Marketable Parcel of Shares (being 41,667 Shares having a market value of \$500.00 at the Issue Price);
- (b) whose shareholding in ENEGEX will not increase to a Marketable Parcel of Shares as a result of taking up their Entitlement;

are entitled to apply for that number of additional new Shares, in addition to their Entitlements, sufficient to increase their shareholdings in ENEGEX to a Marketable Parcel of Shares, subject to there being sufficient new Shares not taken by Eligible Members in accordance with their respective Entitlements (**"Shortfall Shares"**).

The total number of Shortfall Shares comprises the **"Shortfall"**.

If you are an Eligible Member holding less than a Marketable Parcel, the Entitlement and Acceptance Form which will be forwarded to you with this Rights Issue document will specify the number of additional new Shares for which you may apply.

If you are an Eligible Member and you either currently hold a Marketable Parcel of Shares or you will do so if you take up your Entitlement in full, the Entitlement and Acceptance Form which will be forwarded to you with this Rights Issue document will only set out your Entitlement under the Rights Issue and you will not be entitled to apply for any additional Shares under that Shortfall Offer.

If any Eligible Member who receives an Entitlement and Acceptance Form seeks to apply for more additional new Shares than would result in that Eligible Member holding more than a Marketable Parcel of Shares, the number of additional new Shares that will be issued and allotted to that Eligible Member will be reduced to that number which will result in that person holding a Marketable Parcel of Shares.

Further, because Applications for such additional new Shares will only be available out Shortfall, applications for additional new Shares which result in the Applicant holding a Marketable Parcel of Shares will be dealt with in order of receipt by the Company if there is insufficient Shortfall to satisfy all such Applications. Where more than one Application for additional new Shares are received on any date, if there is insufficient Shortfall to satisfy each such Application, then those Applications from Eligible Members holding the least Shares will be processed in priority to all other such Applications.

In determining the allottees of Shortfall Shares, the Directors will ensure that none of the Shortfall Shares are placed to related parties of EnegeX or their Associates.

ELIGIBLE MEMBERS AND INELIGIBLE SHAREHOLDERS

Within the knowledge of the Board, there are no Members of EnegeX who are Ineligible Shareholders. If EnegeX were to acquire an Ineligible Shareholder before the Record Date EnegeX would apply to ASIC to approve a nominee under the provisions of section 615 of the Act to act as nominee to deal with the new Shares that any such Ineligible Shareholder(s) would become entitled to pursuant to the terms of the entitlements offer made under this Rights Issue.

Eligible Members are those Members who:

- (a) are registered as a holder of Shares as at the Record Date, being 7.00pm (AEST) on the Record Date (Friday 27 May 2016);
- (b) have registered addresses on the EnegeX Share Register in Australia or New Zealand or are otherwise eligible under applicable securities laws to receive an offer to subscribe for new Shares under the Offer. In this context “*applicable securities laws*” include the securities laws of the jurisdiction in which the Member (representing that the Member is an Eligible Member) is resident without the Rights Issue document being registered under such applicable securities laws; and
- (c) are not in the United States and are not acting for the account or benefit of a person in the United States.

EnegeX reserves the right to determine whether a Member is an Eligible Member or an Ineligible Shareholder.

Where this Rights Issue document is despatched to a Member whose address in EnegeX's share register is outside of Australia and New Zealand and the Member fails to take up its Entitlement in full or in part, EnegeX will determine that such Member is an Ineligible Shareholder and the new shares to which that Ineligible Shareholder had an Entitlement will be issued and allotted to the Nominee as provided herein: subject always to a Nominee being appointed and then approved by ASIC.

Where a Member whose address in EnegeX's share register is outside of Australia and New Zealand returns a completed personalised Entitlement and Acceptance Form or makes the requisite payment by BPAY® the Member thereby represents and warrants to EnegeX that the Member satisfies each of the criteria listed above to be an Eligible Member and EnegeX will accept such representation and determine that the Member is an Eligible Member as so represented. Nominees, trustees and custodians are therefore advised to seek independent professional advice as to how to proceed.

Members who are not Eligible Members are Ineligible Shareholders.

EnegeX will not send this Rights Issue document or any Entitlement and Acceptance Form to any person in the United States or accept Applications from United States residents or from persons in the United States or from persons who are acting for the account or benefit of United States residents or persons in the United States.

Where EnegeX does not make an Offer to any shareholder who has a registered address outside of Australia and New Zealand, EnegeX will, in accordance with Listing Rule 7.7.1(b), send each holder to whom it will not

offer the new Shares, details of the Rights Issue and an advice that Enegex will not offer new Shares to those shareholders.

REPRESENTATIONS BY ACCEPTANCE OF THE OFFER

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY®, you will be deemed to have represented to Enegex that you are an Eligible Member and:

- (a) acknowledge that you have read and understand this Rights Issue document and your personalised Entitlement and Acceptance Form in their entirety;
- (b) agree to be bound by the terms of the Offer, the provisions of this Rights Issue document and Enegex's constitution; and
- (c) if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is an Eligible Member;
- (d) you are not in the United States and are not acting for the account or benefit of a person in the United States and that you have not sent this Rights Issue document, the Entitlement and Acceptance Form or any information relating to the Offer to any address within the United States or to any such person.

PAYMENT FOR SHARES

Application Moneys for the new Shares are payable in full on application.

The Entitlement and Acceptance Form allows you to pay for your new Shares by BPAY or by cheque, bank draft or money order. There are notes on the reverse of that form to assist you with each method of payment. See the **"How to apply for Shares"** section of the form.

If you wish to subscribe for part or all of your Entitlements or apply for Shortfall Shares in addition to your Entitlement (where applicable and permitted) and you are paying for your new Shares by cheque, bank draft or money order, you will need to complete the personalised Entitlement and Acceptance Form that accompanies this Rights Issue document in accordance with the instructions set out on that form and return the form with the appropriate Application Money, to the Company's share registry before 5:00pm (AEST) on or before the Closing Date of Friday 27 May 2016 or such later date as the Directors may, in their absolute discretion, determine.

If you are paying by cheque, bank draft or money order, these must all be in Australian currency, payable to **"Enegex Limited"** and be crossed **"Not Negotiable"**.

If you wish to subscribe for part or all of your Entitlement or apply for Shortfall Shares in addition to your Entitlement (where applicable and permitted) and you are paying for your new Shares by BPAY, you do not have to return the Entitlement and Acceptance Form but, in paying by BPAY, it is a term of this Offer that you will be deemed to have given the representations warranties and authorities set out herein and on the Entitlement and Acceptance Form. By applying for new Shares all Applicants shall be deemed to have agreed to be bound by the Company's Constitution in all respects

If you choose to take no action with respect to your Entitlement, you will continue to hold the same number of Shares you held on the Record Date. However, your interest in the Company will be diluted.

ENTITLEMENT AND ACCEPTANCE FORMS

Accompanying this Rights Issue document is a personalised Entitlement and Acceptance Form that sets out your Entitlement.

There is no minimum subscription and Eligible Members may take up their Entitlements in whole or in part. Additionally, Eligible Members (other than related parties of Enegex and their Associates) who by accepting the Offer will increase their holding to less than a Marketable Parcel of Enegex Shares (41,667 shares at the Issue Price) may apply for Shortfall Shares under the Shortfall Offer in the manner provided by the Entitlement and Acceptance Form.

OPENING AND CLOSING OF THE OFFER

Offers under the Rights Issue will open at 9:00am (AEST) on Wednesday 1 June 2016 ("**Opening Date**") and, will close at 5:00pm (AEST) on Monday 20 June 2016 ("**Closing Date**"). Subject to the requirements of the Corporations Act ("the Act"), the Directors reserve the right to extend the Closing Date without prior warning.

ACCEPTANCE OF APPLICATIONS FOR SHARES

If your Entitlement and Acceptance Form is not completed properly, or if the accompanying payment is for the wrong amount, it may still be treated as valid. The decision of the Directors as to whether to treat any application for Shares as valid and how to construe, amend or complete it will be final. The Directors may complete any blanks or spaces left in any Entitlement and Acceptance Form and you, by lodging that form, appoint the Directors, and each of them, as your joint and several attorneys for such purpose and authorise all such amendments, insertions and alterations.

Notwithstanding the above, you will not be treated as having applied for any new Shares in excess of your Entitlement or such lesser number of new Shares than can be subscribed for by the amount of the Application Moneys paid.

A completed and lodged Entitlement and Acceptance Form, together with a cheque, bank draft or money order for the Application Money, or the payment of your Application Moneys by BPAY, constitutes a binding and irrevocable Application for the number of new Shares specified in the Entitlement and Acceptance Form or such lesser number of new Shares which could be subscribed for by the Application Moneys paid by you.

SPECULATIVE NATURE OF OFFER AND PROJECTS AND RELEVANT RISK FACTORS

You should:

- understand that natural resources projects are both speculative and subject to a high level of risk and that adverse exploration or development results could result in diminution of the value of your investment.
- read this Rights Issue document carefully and in its entirety, with focus on the Company's activities and interests referred to in Section 3 and with focus on the risk factors detailed in Section 5, before deciding to invest in the Company.

MINIMUM SUBSCRIPTION

The minimum subscription is the Underwritten Amount.

OVERSEAS MEMBERS OTHER THAN RESIDENTS OF NEW ZEALAND)

This Rights Issue document has been prepared to comply with the requirements of the securities laws of Australia and New Zealand.

Within the knowledge of the Board, there are no Members of ENEGEX who are Ineligible Shareholders. If, unknown to the Board, you do hold Shares on behalf of another person resident outside Australia or New Zealand, it is your responsibility to ensure that any participation (including for your own account or when you hold Shares beneficially for another person) complies with all applicable foreign laws. .

This Rights Issue document does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Offer, the Entitlements or the new Shares, or otherwise permit the public offering of the new Shares, in any jurisdiction other than Australia and New Zealand. This Offer of new Shares is non-renounceable and therefore the right to acquire new Shares cannot be acquired by or exercised by any person other than the Eligible Member to whom the Offer is made.

The distribution of this Rights Issue document (including an electronic copy and including any Entitlement and Acceptance Form) outside Australia and New Zealand may be restricted by law. If you come into possession of this Rights Issue document, you should observe all restrictions on your right to acquire the new Shares under the laws of the jurisdiction in which you are resident or by which you are bound and should seek your own advice on such restrictions.

Any non-compliance by you with those restrictions may contravene applicable securities laws.

New Zealand

New Shares are not being offered to the public within New Zealand other than to existing shareholders of Enegex with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

This Rights Issue document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This Rights Issue document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information an investment product disclosure statement under New Zealand law is required to contain.

NOMINEE SALE PROCEDURE

If, between the date hereof and the Record Date, a person becomes a Member of Enegex and does not qualify as an Eligible Member but is an Ineligible Shareholder then, as stated above, the Company will, in compliance with the Act, appoint a person holding an AFSL as the nominee ("**Nominee**") to sell the new Shares that might have otherwise been issued to those Members who are Ineligible Shareholders. No such arrangement has been entered into and no such arrangement will be entered into unless necessary to enable the Rights issue to qualify as a rights issue within the "*rights issue*" exception in section 611.

If such an arrangement was entered into a nominee sale procedure would be proposed as follows:

- (a) the Company would issue to the Nominee the new Shares that the Ineligible shareholders would be entitled to if they were to participate in the Offer of new Shares under the Rights Issue;
- (b) the Nominee would be required to use its best endeavours to sell the new Shares at a price and otherwise in a manner determined by the Nominee in its sole discretion; and
- (c) the net proceeds of the sale of the new Shares (after deducting the aggregate subscription price of the shares and the reasonable costs of the section 615 nominee procedure, including costs of sale), if any, would be distributed to the Ineligible Shareholders for whose benefit the new Shares are sold in proportion to their shareholdings as at the Record Date.
- (d) If any such net proceeds of sale were less than such reasonable costs referred to above, such proceeds would be retained by the Company. Accordingly there is a possibility that any such Ineligible Shareholders would receive no net proceeds if the subscription price plus such costs were greater than such sale proceeds. The Company will not be held liable for the sale of any of the new Shares of Ineligible Shareholders at any particular price or the timing of such a sale;
- (e) The Nominee would not sell any of the new Shares to any related party of the Company or to any Associate of any such related party.

ALLOTMENT

The Directors will proceed to allotment of the new Shares which are the subject of this Rights Issue document and for which valid Applications have been made by Eligible Members, and in respect of which the Application Moneys have been paid, as soon as possible after the Closing Date.

All Application Moneys pending allotment and issue of the new Shares, shall be held by the Company in trust in a bank account established solely for the purpose of depositing Application Money received. Any interest earned on those moneys shall be to the account of the Company.

It is the responsibility of Applicants to determine their allocation of new Shares prior to dealing in those securities. Any Applicants who sell or otherwise deal in any new Shares before they receive their Transaction Confirmation Statements will do so at their own risk.

The Entitlement and Acceptance Form which accompanies this Rights Issue document contains a warranty that the Applicant has personally received the complete and unaltered Rights Issue document (and any relevant supplementary Rights Issue document) prior to completing the Entitlement and Acceptance Form, or where the Applicant pays the Application Moneys by BPAY, prior to making such payment.

The Company reserves the right to not accept an Application from a person if it has reason to believe that, when that person was given access to the Entitlement and Acceptance Form, they were not provided with the

Rights Issue document and any relevant supplementary Rights Issue document or any of these documents were incomplete or altered. In any such case, the Application Moneys received will be dealt with in the manner provided for in section 722 of the Act.

UNDERWRITING AND COMMISSION

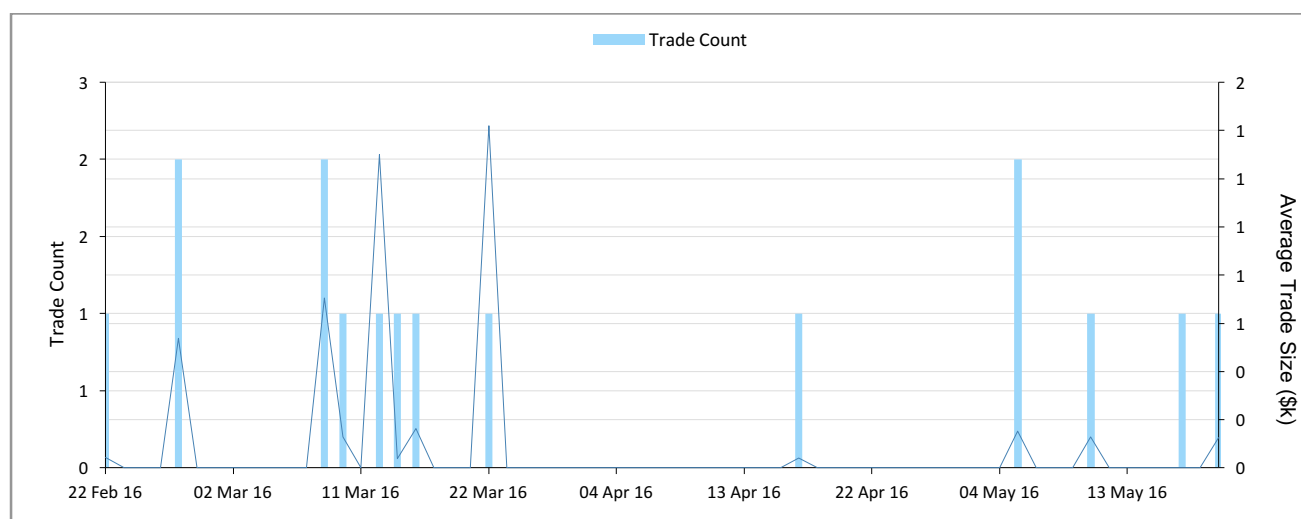
The Rights Issue is underwritten by NRG for the Underwritten Amount of \$321,999 for an Underwriting Fee of 7.5% of the Underwritten Amount (\$24,149.92).

In addition to the above fees, NRG will receive reimbursement of its out-of-pocket expenses directly related to the transaction. Further details of the Underwriting Agreement, including the conditions on which the Underwriting Agreement has been entered into and the circumstances in which NRG may avoid its underwriting obligation are set out in Section 6 below.

FACTORS RELEVANT TO UNDERWRITING DECISION

The decision to enter into the Underwriting Agreement for the Underwritten Amount on the terms of this Rights Issue Offering was made after consideration of other alternatives for raising capital and in light of the Shares being thinly traded on ASX and considering the number of shareholders holding Unmarketable Parcels at current prices.

The table and following chart illustrates trading in the Shares over the last three months ended Friday 20 May 2016 with details being set out on a daily basis. In that three month period there have been 16 trades all of which have been at \$0.013 (1.3 cents). The total value of all such trades was \$6,180.00.



Minimal prospect of Rights trading if Rights Issue was renounceable

The Board also considers that, in view of those thin trading volumes, there is little point in making the issue renounceable.

INTENTIONS OF DIRECTORS

Ms Clark, Mr Menzies and Mr Albers and their Associates hold Shares or have deemed relevant interests in Shares as outlined below.

Mr G.A. Menzies	229,444
Mr E.G. Albers	10,977,264
Ms R.L. Clark	50,000

Mr Menzies intends to take up his personal Entitlement in respect of the 28,736 Shares personally held by him. Mr Albers intends to take up his personal Entitlement in respect of the 6,449,284 Shares personally held by him. Mrs Clark intends to take up her Entitlement.

ATTITUDE OF BOARD AND UNDERWRITER TO ENEGEX'S CONTINUING OPERATIONS AND OTHER MATTERS

The Board and NRG presently intend that, subject to the matters set out below, EnegeX should, subject to normal commercial prudence;

- (a) continue to carry on its participation in the Cornea Retention Lease.
- (b) developing potential alliances for the development of Cornea.
- (c) maintain fiscal discipline.
- (d) continue to be open to opportunities that may present and in the current economic climate.
- (e) maintain the current employment or contractual basis of all of EnegeX's present employees and consultants. There is no present intention to adversely change the terms on which any of those persons presently provide services to EnegeX.

The above reflects the Board's and the Underwriter's present attitudes to these matters. However, if circumstances change, this may lead to a change in those attitudes to reflect and accommodate such changed circumstances. Notwithstanding that, any future corporate action taken by EnegeX will be carried out in accordance with all relevant regulatory requirements.

TERMS OF THE UNDERWRITING AGREEMENT

The terms of the Underwriting Agreement are more favourable to EnegeX than the terms which might be obtained from a professional underwriter or stockbroking firm or any other party on an arm's length basis. In particular, most of the exclusions under which an underwriter has a right to avoid the underwriting commitment contained in an underwriting agreement are omitted from the Underwriting Agreement. The effect of this is that the probability that NRG will be compellable to provide the requisite funding needed by EnegeX is accordingly much higher than in a conventional underwriting.

It is recorded that Mr Albers abstained from voting on the resolution to approve the Rights Issue being underwritten by NRG, his Associate.

DILUTION OF MEMBERS INTERESTS

If Eligible Members take up their full Entitlement under the Rights Issue they will not be diluted.

If Eligible Members do not take up their Entitlements, or if they only take up part of their Entitlements, they will be diluted.

If at the Record Date, EnegeX has any Ineligible Shareholders, they will have their holdings diluted by the issue of new Shares under the Rights Issue. The extent of any dilution will depend on the level to which the Rights Issue is subscribed by Eligible Members taking up their respective Entitlements and by NRG meeting its obligations to underwrite the Underwritten Amount.

Eligible Members, who hold less than a Marketable Parcel of Shares and who are entitled to apply for additional new Shares under the Shortfall Offer will not be diluted if they apply for such additional new Shares but will increase their respective holdings comparative to all other Members.

POSSIBLE EFFECT OF UNDERWRITING ON CONTROL OF ENEGEX

The effect of the Rights Issue on control of the Company will depend upon a number of factors including the level to which Eligible Members take up their Entitlements and the identity of those Members.

These include the level of participation by holding non-marketable parcels of Shares applying for additional new shares under the Shortfall Offer so that they each increase their shareholdings to a Marketable Parcel of Shares (41,667 Shares at the Issue Price).

It is not possible for the Directors to predict either of the above levels of participation by Eligible Members.

In relation to the effect of the Underwriting on the control of the Company it should be noted that the Albers Shareholdings currently represent 20.53% of the voting power attached to all Shares on issue.

If the Underwriting is completed, and the Albers Shareholders (including the Underwriter) acquire the maximum number of new Shares the subject thereof (up to 26,833,246 new Shares) by either taking up their respective Entitlements or, in the case of the Underwriter, by subscribing for that part of the Shortfall as necessary to enable the Underwriter to meet its underwriting obligation, then the Albers Shareholdings relevant interests in Enegex may increase substantially depending on the actual level of subscription by Eligible Members taking up their Entitlements.

The table below takes into account what the Albers Shareholders present relevant interests and voting power in Shares are now and the effect on those relevant interests of various levels of acceptance under the Rights issue. This is analysed in four cases. In each case the level of subscription for additional new Shares under the Shortfall Offer is assumed to be nil.

- (a) CASE A: Assumes that the Albers Shareholders take up their respective entitlements to 5,507,798 new Shares and assumes that no other Eligible Members take up their respective entitlements and that the Underwriter takes up all Shortfall Shares to meet its underwriting obligation.
- (b) CASE B: Assumes the Albers Shareholders take up their respective entitlements to 5,507,798 new Shares, and other Members subscribe for 5,331,362 new Shares being 25% of the remaining new Shares available for subscription (whether by taking up Entitlements or subscription for Shortfall Shares and that the Underwriter takes up all Shortfall to meet its underwriting obligation.
- (c) CASE C: Assumes the Albers Shareholders take up their respective entitlements to 5,507,798 new Shares, and other Members subscribe for 10,662,724 new Shares being 50% of the remaining new Shares available for subscription (whether by taking up Entitlements or subscription for Shortfall Shares and that the Underwriter takes up all Shortfall to meet its underwriting obligation.
- (d) CASE D: Assumes full subscription by all Members with the Underwriter not taking up any Shortfall.

VARIOUS POSSIBLE INCREASE IN CONTROL SCENARIOS RESULTING FROM UNDERWRITING				
	Case A	Case B	Case C	Case D
Present Issued Capital	53,666,491	53,666,491	53,666,491	53,666,491
Present Albers Shareholding	11,015,597	11,015,597	11,015,597	11,015,597
Current Voting Power	20.53%	20.53%	20.53%	20.53%
Albers Shareholders Entitlement	5,507,798	5,507,798	5,507,798	5,507,798
New Shares				
Shares subscribed for by Albers Shareholders	5,507,798	5,507,798	5,507,798	5,507,798
Shares subscribed for by other Members	0	5,331,362	10,662,724	21,325,448
Shares subscribed for by NRG as Underwriter	21,325,448	15,994,086	10,662,724	0
Total New Shares	26,833,246	26,833,246	26,833,246	26,833,246
Capital Post Issue	80,499,737	80,499,737	80,499,737	80,499,737
Post Issue Albers Shareholding	37,848,843	32,517,481	27,186,119	16,523,395
Albers Shareholders Voting Power Post Issue	47.02%	40.39%	33.77%	20.53%
Increase (decrease) in Albers Shareholders Voting Power	26.49%	19.87%	13.25%	0.00%

IMPORTANT DATES

This Rights Issue is being conducted according to the following indicative timetable:

Event	Date
Notice of Rights Issue to ASX and Lodge Appendix 3B	Monday 23 May 2016
Lodge 708AA Notice and Rights Issue doc with ASX	Tuesday 24 May 2016
Despatch Letter to Members containing the information required by Appendix 3B	Wednesday 25 May 2016
Shares are quoted on an "ex" basis	Thursday 26 May 2016
Rights Issue Record Date ¹	Friday 27 May 2016
Lodge updated 708AA notice in accordance with provisions of the Act	Tuesday 31 May 2016
Despatch Rights Issue document and Entitlement and Acceptance Form: Rights Issue opens	Wednesday 1 June 2016
Last day to extend offer	Wednesday 15 June 2016
Acceptances Close ("Closing Date") ²	Monday 20 June 2016
Deferred settlement trading commences	Tuesday 21 June 2016
Notify ASX of undersubscriptions	Thursday 23 June 2016
Notify Underwriter of Shortfall	Thursday 23 June 2016
Allotment of Rights Issue Shares ²	Thursday 23 June 2016
Deferred Delivery Trading ceases	Thursday 23 June 2016
Despatch of Transaction Confirmation Statements	Thursday 23 June 2016
Lodge Secondary trading Notice for Rights Issue Shares	Friday 24 June 2016
Receipt of Applications and Application Moneys for Shortfall from Underwriter	Tuesday 28 June 2016
Issue Shares to Underwriter	Wednesday 29 June 2016
Lodge Secondary trading Notice for Underwriter's Shares	Thursday 30 June 2016

¹This date, and all dates after this date are indicative only. The Company reserves the right to extend the Closing Date, in which case the Allotment Date will change accordingly.

² Subject to the unqualified right of the Directors to extend the Closing Date.

SOURCE AND APPLICATION OF FUNDS

The primary use of the funds to be raised is to contribute towards working capital.

The Table below sets out use of funds based on full subscription.

SOURCE AND APPLICATION OF FUNDS	
Current Funds Available as at 31 December 2015 (including current trade and other receivables as at 31 December 2015)	367,305
This Capital Raising	321,999
Total Funds Available	689,304
<i>Expenditure</i>	
Payment of accrued creditors as at 31 December 2015	27,584
Underwriting Fee	24,150
Other Costs of the Issue (including Legal fees, printing, postage, Share Registry and ASX Listing Fees)	35,000
Available Working Capital	602,570

APPLICATION FOR QUOTATION OF SECURITIES OFFERED BY THIS RIGHTS ISSUE DOCUMENT

Application will be made for Official Quotation of the new Shares offered under this Rights Issue document on ASX. The fact that ASX may list the new Shares is not to be taken in any way as an indication of the merits of Enegex or the new Shares. ASX takes no responsibility for the contents of this Rights Issue document, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon any part of the content of this Rights Issue document.

CHESS

The Company participates in the Clearing House Electronic Sub-register System ("CHESS"), in accordance with ASX Listing Rules and operates an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together make up the Company's principal register. Consequently, the Company will not issue certificates to securityholders but they will be provided with a Transaction Confirmation Statement, similar to a holding statement, which will set out the number of Shares allotted to them under this Rights Issue document. At the end of the month of allotment, CHESS (acting on behalf of the Company) will provide securityholders with a holding statement that confirms the number of securities held. A holding statement or transaction confirmation statement, whether issued by CHESS or the Company, will also provide details of a securityholder's Holder Identification Number (in the case of a holding on the CHESS sub-register) or Securityholder Reference Number (in the case of a holding on the issuer-sponsored sub-register). Following distribution of these initial statements to all securityholders, a holding statement will be provided to each securityholder at the end of any subsequent month during which the balance of that securityholder's holding of securities changes.

TAXATION AND STAMP DUTY IMPLICATIONS

Applicants should seek their own independent advice in relation to matters relating to the operation of taxation and stamp duty laws. The Company is unable to give advice on taxation matters generally, as each Applicant's position will relate to their own specific circumstances. Applicants should satisfy themselves of possible taxation consequences of purchases and sales of securities by consulting their own professional tax advisers.

SUITABILITY OF INVESTMENT

Before deciding to invest in the Company, you are strongly recommended to read this Rights Issue document carefully and in its entirety, with particular emphasis on the Company's business and activities described in Section 3 and the risk factors described in Section 5. You should understand that exploration and development of natural resources is both speculative, high risk and subject to a wide range of risks. You should consider the above matters in light of your personal circumstances (including financial and taxation affairs), your own risk profiles and your investment parameters and, as necessary, seek professional advice from your accountant, stockbroker, lawyer, licensed financial adviser or other professional adviser before deciding whether to apply for Shares.

ENQUIRIES GENERALLY

For all enquiries in relation to the Rights Issue please contact Ms Rae Clark, on +613 8610 4709.

If you require a replacement Entitlement and Acceptance Form contact the Share Registry on 1300 554 474.

Section 2

CAPITAL STRUCTURE AND FINANCIAL INFORMATION

PRESENT CAPITAL STRUCTURE

The present capital structure of the Company comprises 53,666,491 fully paid ordinary shares, as set out in the table below.

CAPITAL STRUCTURE ON COMPLETION OF THE ISSUE

On completion of the Issue the capital structure of the Company will be as set out in the table below subject only to the Underwriter not being entitled to avoid its underwriting obligations under the terms of the Underwriting Agreement.

CAPITAL STRUCTURE ON COMPLETION OF THE ISSUE	
Existing Shares	53,666,491
Number of new Shares to be subscribed	26,833,246*
Total number of Shares on issue immediately after allotment of new Shares under the Offer	80,499,737*

* Subject to the rounding up of entitlements

CAPITAL STRUCTURE ON COMPLETION OF THE ISSUE

On completion of the Issue the capital structure of the Company will be approximately 80,499,737 Shares.

RIGHTS AND LIABILITIES ATTACHING TO SHARES

The rights and liabilities attaching to the Shares are detailed in Section 6. The new Shares allotted under the Rights Issue will be fully paid ordinary shares which will rank equally with all other Shares on issue from the date of their allotment.

SUMMARY FINANCIAL INFORMATION AS AT 31 DECEMBER 2015

Set out below are a series of pro forma balance sheets all prepared on a consolidated basis setting out the effect of the Issue on the same bases as set out in the Application and Source of Funds cases.

Full details of the Company's financial position as at 30 June 2015 is set out in the Annual report and interim Financial Report as at 31 December 2015 as lodged with ASIC and ASX, to which all members are referred.

Summary Audited Accounts as at 30 June 2015, audit review accounts as at 31 December 2015 and Pro Forma Financial Statements prepared on a consolidated basis.

	Audited Accounts as at 30 June 2015	Reviewed financial position as at 31 December	Pro Forma assuming full subscription
Current Assets			
Cash and cash equivalents	467,153	363,038	598,303
Trade and other receivables	6,227	4,267	4,267
Total Current Assets	473,380	367,305	602,570
Exploration and evaluation assets	66,633	73,882	73,882
Total Non-Current Assets	66,633	73,882	73,882
TOTAL ASSETS	540,013	441,187	676,452
Current Liabilities			
Trade and other payables	77,092	27,584	-
Total Current Liabilities	77,092	27,584	-
TOTAL LIABILITIES	77,092	27,584	-
NETASSETS	462,921	413,603	698,568
EQUITY			
Issued capital	1,096,907	1,096,907	1,359,756
Accumulated losses	(633,986)	(683,304)	(683,304)
TOTAL EQUITY	462,921	413,603	676,452

The pro forma statements of financial position are based on the assumption that the costs of the issue are as set out in the Source and Application of Funds statement in each instance and that they are paid in cash and are offset against contributed equity

PROFITABILITY OF ENEGEX

Energex is not presently profitable nor does it expect to be so in the foreseeable future.

DIVIDEND HISTORY

Energex has not paid any dividends and does not expect to pay dividends in the foreseeable future.

PRIOR ASX RELEASES

Interim Financial Report as at 31 December 2015 lodged with the ASX on 15 March 2016.

The Company's 2015 Annual Financial Report was lodged with the ASX on 26 October 2015.

The Company lodged its 31 March 2016 Quarterly Activities Statement on 26 April 2016. The Company has made the following ASX Releases referred to in the table below which you should also access to ensure that you are fully informed in relation to the Company and its activities.

Each of these reports and releases are available on www.energex.com and www.asx.com.au (ASX code: ENX) and contain details of the Company's position, as well as a review of operations. You may also access copies of all of the Company's other ASX Releases at the same websites. You are encouraged to read these documents in full. These documents contain extensive information on the Company and its projects. You should read these documents in conjunction with this Rights Issue document to more fully inform yourself as to the assets and liabilities, financial position and performance, profits and losses and prospects of the Company.

<u>DATE</u>	<u>HEADLINE</u>
23/05/2016	Notice of Rights Issue and Appendix 3B
02/05/2016	Change of Company Status and Name
26/04/2016	Quarterly Reports – 31 March 2016
10/03/2016	Half Year Financial Report to 31 December 2015
26/02/2016	Non-Renounceable Rights Issue
29/01/2016	Quarterly Activity Report - December 2015
05/01/2016	Appendix 3Y
16/12/2015	Change in substantial holding
15/12/2015	Change in substantial holding
15/12/2015	Appendix 3Y
26/11/2015	AGM - Outcome of Resolutions
26/11/2015	Corporate Presentation - November 2015
26/11/2015	Chairman's Address to Shareholder
12/11/2015	Appendix 3Y
29/10/2015	Quarterly Reports - 30 September 2015
28/10/2015	Appendix 4G and Corporate Governance Statement
26/10/2015	Notice of Annual General Meeting/Proxy
26/10/2015	Annual Report 2015
21/10/2015	Appendix 3Z
21/10/2015	Resignation of Director
12/10/2015	Appendix 3X
12/10/2015	Appointment of Additional Director
01/10/2015	Appendix 3X
01/10/2015	Appendix 3Z
01/10/2015	Changes to Board of Directors

Section 3

CORPORATE STRATEGY, ACTIVITIES AND OPERATIONS

REVIEW OF OPERATIONS

The company holds a working interest in a retention lease over the Greater Cornea Fields offshore Western Australia; located in the Browse Basin (WA-54-R).

WA-54-R – Greater Cornea Fields, Western Australia, 14.875% interest

The Cornea Joint Venture consists of the following interests:

Energex Limited	14.875%
Octanex Group. (ASX Code: OXX)	18.750%
Cornea Resources Pty Ltd (Operator)	13.100%
Others	53.275%

The Greater Cornea Fields, being the Cornea (Central and South), Focus and Sparkle Oil Fields and the Cornea North (Tear) Gas Field, are located in the Browse Basin, offshore from Western Australia and held via a Retention Lease which covers 6 graticular blocks, amounting to an area of 497km².

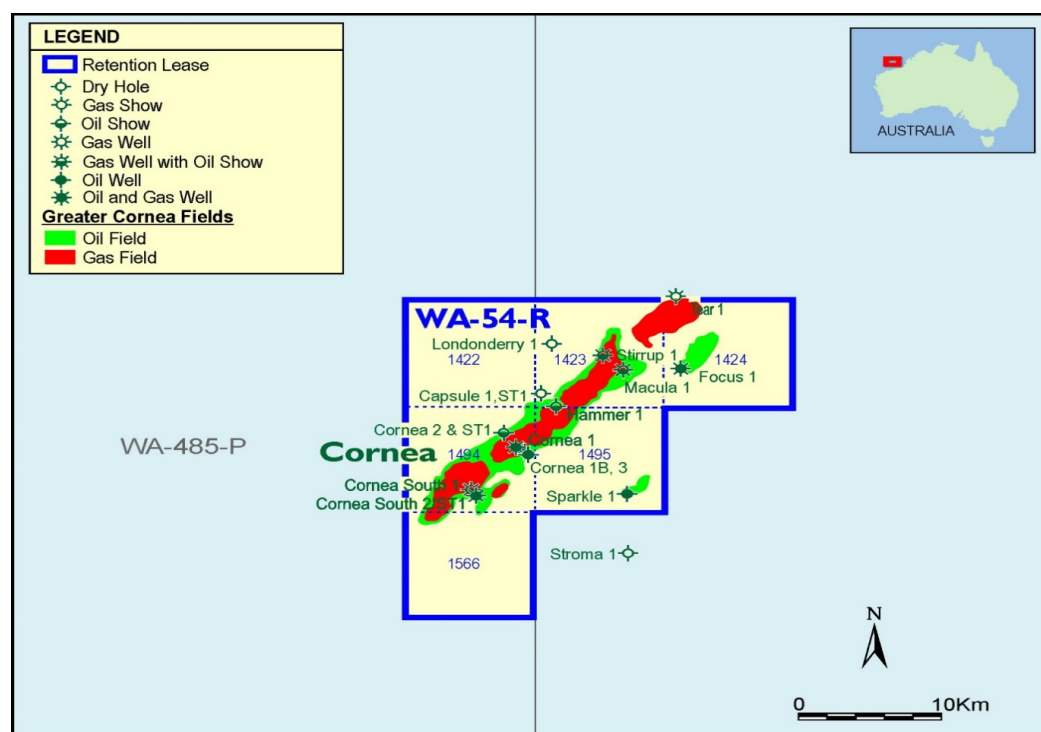


Figure 1 Greater Cornea Field Retention Lease Location Map

The estimated oil volumes in the Greater Cornea Fields are such that, if threshold production flow rates can be demonstrated, but dependent on oil price, the economics should be attractive and provide a reasonable expectation of commercial development. (Refer Table 1).

Middle Albian B & C Sands	Low Estimate (P90)	Best Estimate (P50)	High Estimate (P10)	Units
Total Oil In-place	298.0	411.7	567.2	mmbbl
Recovery Factor (RF)	2	7	25	%
Contingent Oil Resources	7.9	28.8	101.9	mmbbl
Prospective Energex Economic Interest*	1.16	4.28	15.16	mmbbl

* Based on Energex's 14.875% Participating Interest in WA-54-R.

Table 1 Probabilistic In-place and Contingent Oil Resources for Cornea Central and South Fields (no development risk applied)

Work Program

The WA-54-R work program is aimed at overcoming technical challenges likely to be faced in bringing the Greater Cornea Fields into commercial production (refer Table 1), culminating in the drilling of a production test well.

Permit Year [work program year]	Start Date for Year	End Date for Year	Minimum work requirement (as per title instrument)
3	6/5/16	5/5/17	• Production Test Drilling / Completion Studies • Production Test Concept Selection, Design and Procurement • Impact Studies • Logistics Studies • Economic and Risk Studies, • Horizontal Well and Production Test Cost Studies
4	6/5/17	5/5/18	• Well Design • Investment Decision/Review • Tendering, Procurement, Contractual • Regulatory Approvals • Drill the Production Test Well
5	6/15/18	5/5/19	Review of Production Test Outcomes

Table 1 Remaining Work Programme - Current Term of WA-54-R

At the time the Retention Lease was granted, production uncertainty was considered to be the greatest barrier to the development of the Greater Cornea Fields. Given the potential size of the oil resource, and the then prevailing oil price, it was understood that resolving the production uncertainty could provide a reasonable expectation for probable development.

Accordingly, the Retention Lease work program was designed to address the technical challenges of the Fields; with the first three years of the Lease designed to support the quantification of drilling challenges, culminating in a Year-4 production test, with the Year-5 work programme involving review of the Year-4 outcomes. The work programme was thus designed on the premise that Cornea's challenge was whether it would produce, rather than whether production would be economic.

Current Activities

Recent technical work has included drilling studies, particularly focusing on the use of technology to address key uncertainties. Additional field development concept work focuses on an appropriate production system, presently the preferred configuration being a Mobile Drilling and Production Unit (MODPU) and tanker.

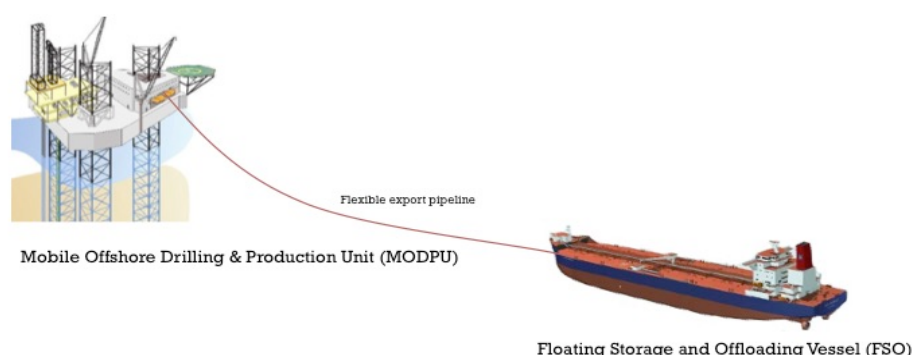


Figure 2 Preferred Field Development Concept using MODPU and FSO

An economic study was recently completed which used assumptions based on present date oil price, capex and opex assumptions. The economic modelling demonstrated the fundamental shift in the field's commerciality in the current sustained low oil price environment, as well as demonstrating that the Greater Cornea Fields are not presently economic (even were the production uncertainties resolved), "oil price" was identified as the input to which the field is most sensitive, rather than "production" which was the case in 2013.

The material and sustained fall in the price of oil since the grant of the Retention Lease (refer Figure 3) has therefore resulted in a development of the Greater Cornea Fields not being presently commercial, even were the production uncertainty to be resolved.

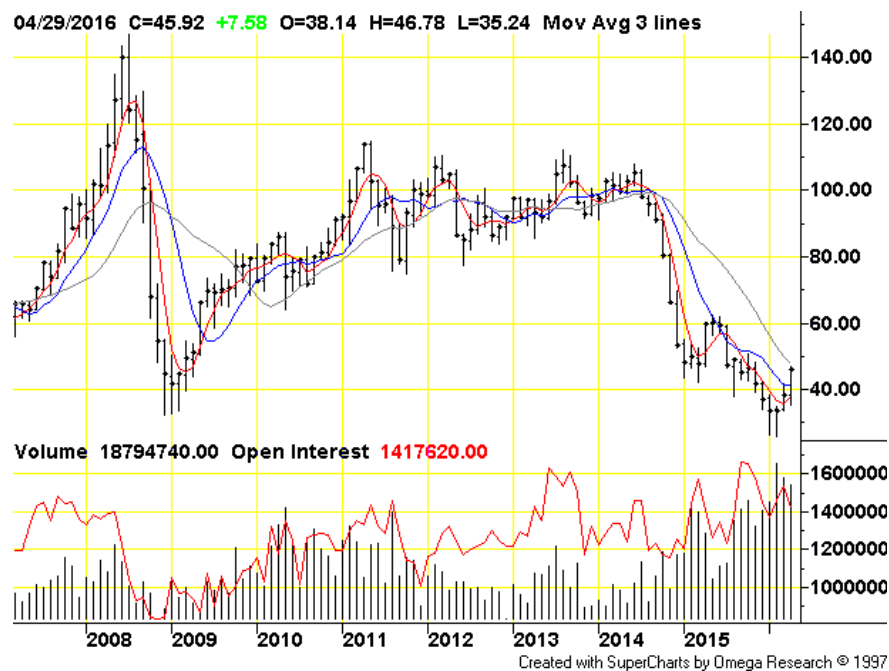


Figure 3 Three Monthly Commodity Futures Price Chart - Light Crude Oil

Given the ~60% decline in oil price, the most significant hurdle to commerciality of the Greater Cornea Fields is no longer producibility, but is "oil price". As such, the WA-54-R work program no longer addresses the Greater Cornea Fields' most significant barrier to development. Accordingly, the Cornea Joint Venture intends to apply to vary the conditions of WA-54-R in order that the work programme is focussed on the "oil price" barrier to development now faced by the Greater Cornea Fields.

In addition to maintaining fiscal discipline and progressing the Retention Lease work programme, Enegex remains interested in developing potential alliances for the development of Cornea.

DIRECTORS

MR GRAEME A MENZIES. L.L.B –Chairman

Mr Menzies was appointed as a Director of EnegeX on its incorporation on 17 October 2012.

Mr Menzies is a barrister and solicitor. He graduated from Melbourne University in 1971 and qualified for admission to the degree of Master of Laws in 1975. He was admitted to practice in 1972.

Since 1987 Mr Menzies has carried on practice as a sole practitioner under the name of Menzies & Partners. In the course of that legal practice Mr Menzies has been involved in a wide range of activities, including takeovers, litigation in respect thereof, numerous capital raisings and corporate reconstructions. He has been involved as a lawyer in the listing of a large number of public companies ranging from junior explorers to substantial mining companies. Over recent years his activities have focused primarily on corporate reconstructions and capital raisings.

MR GEOFFREY ALBERS LLB, FAICD – Director

Mr Albers was appointed to the board of EnegeX on 1 October 2015. Mr Albers has over 35 years' experience as a director and administrator in corporate law, petroleum exploration and resource sector investment. Mr Albers became involved in oil exploration in 1977 and has a track record of developing significant oil and gas assets.

Mr Albers has interests in a number of companies active in the petroleum industry in Australia and Malaysia. He is a member of the Petroleum Exploration Society of Australia.

Mr Albers is presently a director of ASX listed companies Octanex NL and Peakco Limited.

MS RAEWYN CLARK, B. Bus (dist), CA, MAICD, AGIA, ACIS – Director

Ms Clark was appointed to the board of EnegeX on 12 October 2015. Ms Clark has more than fifteen years' experience focussed primarily on the upstream oil and gas sector. Her experience includes business development, financial modelling and analysis, capital raising and mergers and acquisitions, as well as managing joint venture partners, government, regulator and investor relations.

Ms Clark is a director of the ASX listed company Octanex NL and is also company secretary and director of the ASX listed Peakco Limited.

Section 5

RISKS INVOLVED IN INVESTING IN ENEGEX

The risks described in this Section and elsewhere in this Rights Issue document are not necessarily exhaustive. Applicants should realise that any company with resource-based operations is subject to a wide range of risks, many of which may not be foreseeable.

Before deciding to invest in the Company, Applicants should read this document carefully, in its entirety and with particular emphasis on the risk factors detailed in this Rights Issue document. There are risks associated with holding EnegeX Shares and some of those risks are described in this Section. Investors should be aware that an investment in the Company involves many risks which may be far higher than the risks associated with an investment in other companies. Intending investors should refer to announcements made by the Company to ASX. This information is available from the ASX website (www.asx.com.au) where the Company's ASX code is ENX. The Company's website is www.enegex.com

Intending investors should review announcements made by the Company in order to fully appreciate such matters, and the manner in which the Company operates, before making a decision regarding the Rights Issue.

Investors should note that no guarantee or representation is, or can be, made with respect to the payment of dividends, returns of capital or the market value of the new Shares offered for subscription.

The business operations of EnegeX are subject to risks which may impact adversely and severely on its future performance. These risks may adversely affect the value of any shares in EnegeX. The value of Shares in EnegeX and of its underlying assets will depend on factors beyond the immediate control of the Board. Shareholders face the risk that, while the Board will seek to achieve its stated aims, it may not be able to do so.

The major risks in investing in EnegeX are set out below

1. SUFFICIENCY OF FUNDING

The Company may not be able to secure additional capital when required. The Company's capital requirements depend on numerous factors.

Any requirement to raise additional capital has two consequences for EnegeX shareholders.

- First, the requirement to raise additional capital may result in their shareholding in EnegeX being diluted.
- Secondly, if additional capital is not raised when it is required, EnegeX's operations will not then be able to be funded, with the result that their investment in EnegeX may significantly decrease in value.

The total amount of capital that may be required to be raised from time to time by EnegeX in the future is not presently ascertainable, as it will depend on the success or otherwise of EnegeX's proposed operations and whether EnegeX is able to acquire, by farmin, purchase or otherwise, other interests or activities, presently unknown.

2. SCOPE OF ACTIVITIES

A further risk which EnegeX faces is that its sole present activity is now its present investment in WA-54-R. As can be seen from the above and from the Cornea Agreement, if EnegeX cannot meet its ongoing pro rata share of the costs associated therewith, it will lose that interest. In that case it will have minimal activities and would not satisfy the ongoing requirements of ASX Listing Rule 12 to enable it to remain as a listed entity, unless it acquires other assets which satisfy the ongoing requirements set out in the ASX Listing Rules.

Flowing from the above is the risk that your Shares in EnegeX may become suspended from trading in such circumstance or that the asset base, activities, structure and control of EnegeX might change significantly if assets and activities are acquired to maintain compliance with Listing Rule 12.

3. GENERAL RISKS

Other risks associated with investment in EnegeX's shares include:

Share price risks. Applicants should recognise that the prices of shares fall as well as rise. Many factors affect the price of shares including local and international stock markets, movements in interest rates, economic and political conditions and investor and consumer sentiment. Applicants will be aware that in the last 18 month period in particular, there has been an unprecedented level of volatility on world stock markets and that no predictions can be made as to when and whether that period of volatility may end.

Investment risks generally. Holding Enegetex shares will be subject to risks of a general nature relating to investment in shares and securities and especially where the company in which the investment is made has a comparatively small market capitalisation.

Exploration and development risks generally. The business of exploration and development of natural resources involves a significant degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. To prosper, Enegetex depends on factors that include successful exploration and the development of natural resources.

There is no assurance that expenditure to be made on future exploration and/ or development activities by Enegetex will result in commercial or economical exploitation of resources.

The general risks of development of natural resources include a wide range of geological and related risks. These include encountering unexpected geological formations or pressure, premature declines of reservoirs, blow-outs, invasion of water into producing formations, cratering, fires and spills causing pollution, and changes in drilling plans and locations following the results of exploratory wells and interpretation of new seismic data.

The costs of development of any natural resource can exceed planned expenditure due to these inherent uncertainties. Development operations can be hampered by force majeure circumstances and cost overruns for unforeseen events, including unexpected variations in geology and equipment malfunction. Losses resulting from any of these risks could have a material adverse effect on Enegetex's financial resources or could result in a total loss of the assets affected, and accordingly, may affect the market price of the Shares. Project development and production contains risks by its very nature. To prosper, it depends on the design and construction of efficient production/processing facilities, competent operation and managerial performance and proficient marketing of the product.

Apart from being able to obtain all legal and regulatory approvals necessary to commence operations, success in exploration and development of any natural resource is dependent on many factors such as:

- (a) access to adequate capital for project development;
- (b) design and construction of efficient development and production infrastructure within capital expenditure budgets;
- (c) securing and maintaining title to interests;
- (d) obtaining regulatory consents and approvals necessary for the conduct of any such exploration, development and production activities;
- (e) securing plant and equipment; and
- (f) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Drilling activities carry risk and as such, activities may be curtailed, delayed or cancelled as a result of weather conditions, mechanical difficulties, well control issues, shortages or delays in the delivery of drill rigs or other equipment.

Environmental regulations and bonds Enegetex's operations are subject to the environmental risks inherent in the natural resources industry. Enegetex will be subject to environmental laws and regulations in connection with its operations. Although Enegetex will strive to comply in all material respects with all applicable environmental laws and regulations, there are certain risks inherent in its activities that could subject Enegetex to extensive liability. There can be no assurance that new environmental laws, regulations or stricter enforcement policies, if implemented, will not oblige Enegetex to incur significant expense and undertake significant investment and which could have a material adverse effect on Enegetex's business, financial conditions and results of operations.

In carrying out operations, EnegeX (and any other operating joint venture EnegeX may enter into or operate on its own) will be required to comply with the *Environment Protection and Biodiversity Conservation Act 1999 (Cwth)* ("**EPBC Act**") which specifies and regulates the environmental protections needed to be put in place by operators to avoid and minimise adverse environmental impact from these operations. The EPBC Act sets out stringent conditions which must be complied with by operators and imposes rigid conditions which must be met before operations can commence. In the event of a breach of any such conditions, EnegeX and its joint venturers may be liable to prosecution and imposition of penalties.

Further, following cessation of any production from future operations, EnegeX will be required to participate in clean-up programmes resulting from any contamination from operations in which it participates, removal of disused plant and equipment and where necessary, restoring the environment that has been disturbed in the course of operations. The cost of that participation may be considerable if operations result in significant environmental liabilities being incurred. In such a case, any allowance made for rehabilitation would possibly be inadequate.

Resource estimates may be inaccurate Resource and reserves estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource and reserves estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate.

As further information becomes available through additional fieldwork and analysis, resource estimates are likely to change. This may result in alterations to development plans which may, in turn, adversely affect EnegeX's operations.

Title and tenement risks. The terms of grant of WA-54-R state that the holders of WA-54-R shall carry out the minimum work requirements specified in the terms of grant to a standard acceptable to the Titles Administrator (NOPTA). If the work requirements are not met then the Lease holders would be in breach of the terms of the Lease and EnegeX could lose its interests in the Lease.

Any such breach or default may also be taken into account in relation to the grant of future permits unless the holder enters into an agreement to maintain "good standing" as described in the Offshore Petroleum Guidelines in Permit Conditions and Administration as published by the Joint Authority.

Reliance on key personnel. The responsibility of overseeing the day-to-day operations and the strategic management of EnegeX depends substantially on its senior management and its key personnel and their experience and expertise. There can be no assurance given that there will be no detrimental impact on EnegeX if one or more of these persons cease their employment with EnegeX.

Fiscal risks. These risks involve the imposition of additional taxes, imposts and other charges by government from time to time relating to revenue or cash flow. Industry profitability can be affected by changes in tax policies and the interpretation and application thereof.

Contract risks. EnegeX operates through a series of contractual relationships with operators, technical experts, project managers and contractors generally. All contracts carry risks associated with the performance by the parties of their obligations as to time and quality of work performed.

Litigation. EnegeX is presently not involved in litigation and the Directors are not aware of any basis on which any litigation against EnegeX may arise.

Section 6

GENERAL MATTERS

This Section sets out information relating to a variety of matters which are relevant to your decision to take up your Rights. They include detailed information relating to the rights attaching Shares in the Company.

1. RIGHTS AND LIABILITIES ATTACHING TO SHARES IN THE COMPANY

The Enegetex Shares to be issued and allotted under this Rights Issue will be ordinary shares each of which will be fully paid-up. All ordinary shares on issue rank equally with all other ordinary shares on issue from time to time. A summary of the more significant rights attaching to ordinary shares is set out below. This summary is not exhaustive, nor does it constitute a definite statement of the rights and liabilities of the Shareholders. To obtain such a statement, Applicants should seek independent legal advice.

Ranking: All shares in the capital of the company are ordinary shares and each ordinary share ranks equally in all respects with all other existing ordinary shares in the Company.

Reports and Notices: Shareholders are entitled to receive all notices, reports, accounts and other documents required to be furnished to Shareholders under the constitution of the Company ("the Constitution") and the Act.

General Meetings: Shareholders are entitled to be present in person or by proxy, attorney or representative to Enegetex and to vote at general meetings of the Company. Shareholders may requisition general meetings in accordance with the Act and the Constitution.

Voting: At a general meeting of the Company, every Shareholder present in person or by proxy, attorney or representative shall on a show of hands have one vote and upon a poll every Shareholder present in person or by proxy, attorney or representative has one vote for every share held. A qualification to the above is that where a person is present at a meeting as proxy or representative for more than one Shareholder then on a show of hands that person shall have only one vote and not one vote for each person represented by him.

A Shareholder who holds a share that is not fully paid shall be entitled to a fraction of a vote equal to the proportion that the amount paid-up bears to the total issue price of the share. The Company does not have any partly paid shares on issue.

Where the Shareholder is a company, the Constitution requires that directors of companies that have a sole director and a sole company secretary must state this when completing documents such as a proxy, appointment of corporate representative or power of attorney.

Dividends: The Directors may declare and authorise the distribution, from the profits of the Company, of dividends to be distributed to Shareholders according to their rights and interests.

Reduction of Capital: The Company may only reduce its capital in such manner as may be permitted by the provisions of the Act from time to time.

Borrowing and Lending Powers: The Company may borrow and lend in such manner as may be permitted by the provisions of the Act from time to time.

Winding Up: Shareholders will be entitled in a winding up to share in any surplus assets of the Company in proportion to the shares held by them respectively, less any amount which remains unpaid on their shares at the time of distribution.

Transfer of Shares: Subject to the Constitution, the Listing Rules of ASX and the Act, the shares will be freely transferable.

Future Increases in Capital: The allotment and issue of shares is under the control of the Directors. Subject to restrictions on the allotment of shares to Directors or their Associates contained in the Constitution and the Act, and subject to the provisions of the Underwriting Agreement in relation to issues of securities in the six month period from the completion of this Rights Issue, the Directors may allot or otherwise dispose of shares on such terms and conditions as they see fit.

Variation of Rights: The rights, privileges and restrictions attaching to ordinary shares can be altered with the approval of a resolution passed at a separate general meeting of the holders of ordinary shares by a three-quarters majority of those holders who, being entitled to do so, vote at that meeting or with the written consent of the holders of at least three-quarters of the ordinary shares on issue, within two months of that general meeting.

Directors: The Constitution contains provisions relating to the rotation of Directors (other than managing directors and alternate directors).

2. UNDERWRITING AGREEMENT

By an Underwriting Agreement made 23 May 2016 between the Company and NRG, NRG has underwritten the Rights Issue for amount of \$321,999 being the Underwritten Amount for an underwriting commission of 7.5% of the Underwritten Amount.

NRG has expressly reserved the right to appoint sub-underwriters in relation to the whole or any part of the Underwritten Amount.

The primary provisions of the Underwriting Agreement are set out below. The provisions of the Underwriting Agreement do not contain many of the provisions common in many current enabling underwriters to avoid their underwriting obligation such as those related to changes in indices and changes in commodity prices. Additionally, the Underwriting Agreement does not require the payment of a "management fee" or the issue or grant of options to the underwriter.

The provisions under which NRG may avoid its underwriting obligation are narrowly focussed on Enege's Shares continuing to be listed for quotation on the Official List of ASX, Enege's continued capacity to carry on business and the Rights Issue not being stopped.

Under the Underwriting Agreement the Company warrants that it is compliant with the requirements of the Act and that it is entitled to make the Rights Issue by way of a pro rata "Rights Issue" (as defined in section 9A of the Act) on a one for one basis under section 708AA of the Act without a prospectus as a low documentation offer not required to be lodged with the Australian Securities & Investments Commission ("ASIC") and that it is now, and will, at the time of despatch of the Rights Issue documentation, be compliant with the requirements of section 708AA(2) of the Act.

The Underwriting Agreement is conditional upon:

- (a) Enege appointing a nominee for the purposes of section 615 of the Act in the event that, on the Record Date, Enege has any Members who are not Eligible Members as referred to herein but who are "Ineligible Shareholder's" to whom no offer is being made under this Rights Issue document; and,
- (b) ASIC approving that nominee.

In addition, NRG may terminate the underwriting and withdraw from its obligations thereunder on the occurrence any of the following events up to or on the Subscription Date, as defined below, namely, if:

- (c) ASIC makes any order or interim order under section 739 of the Corporations Act 2001 (to stop the issue of securities to which the Rights Issue relates) and such stop order is not withdrawn before the Subscription Date.
- (d) ASX suspends trading in Enege's securities or gives notice of any intention to do so for any reason whatsoever including that, in ASX's opinion, Enege has failed to comply with the requirements of ASX Listing Rules.
- (e) Any person (other than the Underwriter) who consented to being named in, or to the issue of, the Rights Issue documentation, withdraws that consent.
- (f) Enege;
 - (i) suspends payment of its debts generally;
 - (ii) becomes an externally-administered body corporate, or steps are taken by any person towards making it an externally-administered body corporate;

- (iii) has a controller (as defined in section 9 of the Corporations Act 2001) appointed of any of its property, or steps are taken for the appointment of such a person; or
 - (iv) is taken to have failed to comply with a statutory demand within the meaning of section 459F of the Corporations Act 2001;
 - (v) is, or becomes, in breach of the provisions hereof.
- (g) If a nominee is required to be appointed to enable Enegetex to comply with section 615 and no such nominee is appointed and approved by ASIC to satisfy the conditions set out in (a) and (b) above
 - (h) If, for any reason the Rights Issue is not, or ceases to be, a rights issue within the meaning of Item 10 in the table contained in section 611 of the Corporations Act 2001 and Mr Albers and his Associates, including the Underwriter or any sub-underwriter appointed, do not have the protection of Item 10 in the table contained in section 611 of the Act.

Within not less than three (3) business days after the Closing Date of the Rights Issue Enegetex must notify NRG of its presumptive obligation under the Underwriting and of the amount of any shortfall between the total amount raised pursuant to the Rights Issue and the Underwritten Amount ("the Shortfall") and within five (5) business days after close of business on the date of such notification to the Underwriter, but subject to NRG not having the right to terminate this Underwriting Agreement, whether or not it has been so terminated, NRG shall lodge, or procure to be lodged with Enegetex, valid applications for the amount of the Shortfall with such applications being accompanied by the applicable subscription moneys the subject of each such application. The date on which NRG lodges such applications is the "Subscription Date".

Under the Underwriting Agreement Enegetex must pay:

- (a) all of the Underwriters costs and expenses in relation to the Underwriting Agreement and in relation to any act matter or thing done by NRG hereunder in the event of any breach hereof by Enegetex or arising out of the termination thereof by the Underwriter;
- (b) all of the costs, charges and expenses relating to the Rights Issue including, without limitation all preparation costs, ASX Listing fees, share registry fees, legal fees, experts' fees, advertising and publicity fees, printing costs and mailing costs.

No waiver or delay or granting of time or other indulgence by or on behalf of any Party entitled to enforce any obligation under the Underwriting Agreement shall prejudice or affect the right of that Party thereafter to enforce that obligation or to pursue any remedy which would but for such waiver, delay or granting of time or other indulgence have been available to it.

The Underwriting Agreement shall be governed by and construed in accordance with the laws of the State of Victoria and the Commonwealth of Australia.

3. JOINT VENTURE OPERATING AGREEMENT FOR WA-54-R AND CORNEA AGREEMENT

The JVOA for WA-54-R follows a comparatively standard format. Extensive details of that JVOA and of the Cornea Agreement which modifies the provisions of the original JVOA in effect in relation to WA-54-R are disclosed in Enegetex's Listing Memorandum available from ASX under Enegetex's ASX Code "ENX".

The JVOA and the Cornea Agreement are referred to herein because it is possible, for the reasons set out below, that, given that Albers Shareholders and their Associates are Participants in WA-54-R, and notwithstanding that it is not intended that any of the Albers Shareholders or their Associates or NRG as underwriter will acquire any interest in any assets of Enegetex, this may occur automatically by operation of the WA-342-Agreement if Enegetex was to become a Non-Consenting Party under the Cornea Agreement and relinquish its interest in WA-54-R..

Under the Cornea Agreement, the terms of the original JVOA were modified to provide that a decision of the Operating Committee on proposals to be adopted as Joint Programs and approval of work programs and associated budgets for those work programs and AFEs under which cash calls are made on Participants to fund those work programs are only binding on Participants who vote in favour of them.

If any proposal put to the Operating Committee under the JVOA as a Joint Operation is not unanimously approved as a Joint Operation, then, any one or more of the Participants who voted in favour of the proposal have the right to propose an Exclusive Operation involving operations essentially the same as those proposed

for such Joint Operation. To achieve this, a further category of Exclusive Operation was added to those categories set out in the JVOA. .

In summary, if EnegeX cannot raise the requisite funds to meet its obligations under WA-54-R, or if it has them (but is not willing to commit to expend them), it can be required to relinquish its interest in WA-54-R. In that case, by operation of the JVOA as amended (and as disclosed on the listing of EnegeX on ASX) Mr Albers and his Associates would acquire EnegeX's interest in WA-54-R without any shareholder or other approvals.

The effect of the Cornea Agreement is to enable Participants to participate in an Operation provided that they are able to fund that operation and to raise funds to do so subsequent to the work program for the Operation being approved and its cost known.

If a Participant does not vote in favour of such a work program, budget or AFE, that Participant becomes a "Non-Consenting Party" whose Participating Interest under the JVOA is relinquished in favour of the Participants voting in favour of such work program, budgets and AFEs related thereto. Those other Participants include Octanex and other entities controlled by Mr Albers and his Associates.

Full details of the JVOA and the Cornea Agreement are set out in EnegeX's listing memorandum and may be accessed from ASX under EnegeX's ASX Code ENX.

Section 7

DEFINITIONS AND GLOSSARY

DEFINITIONS

Unless otherwise stated or unless inconsistent or repugnant with the context in which the term or expression is used, each of the following terms and expressions used in this Rights Issue document has the meaning set out below:

\$ or A\$:	means references to dollar amounts in Australian currency.
US\$:	means references to dollar amounts in United States of America currency.
Act or Corporations Act:	each means the <i>Corporations Act 2001</i> .
AFE	Authority for Expenditure under a JVOA.
Albers Shareholders	means each of Mr E G Albers and each of his Associates under the Act who have a relevant interest in Shares under the Act
Albers Shareholdings	means the 11,015,597 Shares in which the Albers Shareholders or any of them have a relevant interest under the Act.
Allotment Date:	means the date on which new Shares are allotted under this Rights Issue document.
Annual Report:	means the Annual Report of EnegeX for the financial period ended 30 June 2015.
Applicants:	means those Eligible Members as at the Record Date applying for new Shares under this Rights Issue.
Application:	means a completed Entitlement and Acceptance Form.
Application Moneys:	means the amount payable for new Shares applied for under an Entitlement and Acceptance Form.
ASIC:	means the Australian Securities and Investments Commission.
Associate:	has the meaning given to that term in the Act.
ASX:	means ASX Limited.
(AEST)	means Australian Eastern Daylight Time
Board or Directors:	means the board of directors of EnegeX acting in that capacity.
Business Day:	means those days which are Business Days under the Listing Rules.
Closing Date:	means 5:00pm (AEST) on Monday 20 June 2016: subject to the Directors absolute right to extend that date.
Company or EnegeX:	means EnegeX Limited (ABN 79 131 843 868).
Consenting Party:	means, in relation to the JVOA relating to WA-454-R, a Participant who consents to participate in a Joint Operation and associated Joint Program.
Director:	means a director of the Company acting in that capacity.
Entitlement and Acceptance Form	means the form accompanying this Rights Issue document setting out Shareholders entitlements to apply for new Shares under this Rights Issue.
Eligible Member	means a Members who: (a) is registered as a holder of Shares as at the Record Date, being 7.00pm (AEST) on the Record Date (Friday 27 May 2016); (b) has a registered address on the EnegeX Share Register in Australia or New Zealand or is otherwise eligible under all applicable securities laws to receive an offer to subscribe for new Shares under the Offer. In this context “applicable securities laws” includes the securities laws of the jurisdiction in which the Member (representing that the Member is an Eligible Member) is resident; and (c) is not in the United States and is not acting for the account or benefit of a person in the United States; or (e) whom EnegeX determines to be an Eligible Member.
Entitlements	means a Member’s pro rata entitlement or right to take up new Shares under the Rights Issue in accordance with the terms and conditions hereof.
Exclusive Operation:	means an operation or activity under the JVOA in relation to a permit in which not all Participants participate in.
Ineligible Shareholder:	means a Member who is not an Eligible Member;
Issue Price:	means the subscription price for a new Share to be issued under the Offers being \$0.012 (1.2 cents) per new Share to be so issued.
JVOA:	means a Joint Venture Operating Agreement setting out the terms and conditions on which joint permit holders regulate the conduct of operations in relation to any Permit the subject thereof.
Joint Operation:	means an operation or activity under the JVOA in relation to a permit in which all Participants participate according to their respective Participating interests under the JVOA.

Joint Programs:	means a work program for a Joint Operation.
Listing Rules:	means the Listing Rules of any prescribed exchange and as applicable means the Listing Rules of ASX as referred to in each context.
Marketable Parcel of Shares:	means 41,667 Shares in Eneget having a market value of \$500.00 at the Issue Price.
Member:	means a person registered as a Shareholder in the Register as at 7.00pm (AEST) on Friday 27 May 2016, being the Record Date.
MMBBL:	means millions of barrels.
Non-Consenting Party:	means, in relation to the JVOA relating to WA-454-R, a Participant who does not consent to participate in a Joint Operation and associated Joint Program.
Offer:	means the offer for subscription of 26,833,246 new Shares pursuant to this Rights Issue document on the terms set out in this Rights Issue document.
Official Quotation:	means quotation by ASX on the Official List of Companies maintained by ASX.
Opening Date:	means 9:00am AEST on Wednesday 1 June 2016.
Participant;	means a party to a JVOA who has an interest in the assets of the JVOA including any Permit the subject of the JVOA and who is jointly and severally liable for the obligations incurred under the JVOA and such Permit.
Participating Interest:	means a Participant's pro rata percentage interest in and under a JVOA in the assets and liabilities of the JVOA including any Permit the subject of the JVOA and who is jointly and severally liable for the obligations incurred under the JVOA and such Permit.
petroleum:	a generic name for hydrocarbons, including crude oil, condensate, natural gas and their products.
Record Date:	means 7.00 pm AEST on Friday 27 May 2016.
Register:	means the Register of Members maintained by the Company in accordance with the provisions of the Act.
Reservoir:	pervious and porous rocks (usually sandstone, limestone or dolomite) capable of containing significant quantities of hydrocarbons.
Rights:	has the same meaning as Entitlements. Under this Rights Issue, because it is non-renounceable, Rights are unable to be traded.
Rights Issue:	means the non-renounceable pro rata offer of new Shares being made to Shareholders under this Rights Issue document.
Rights Issue document:	means this Rights Issue document.
Shareholders:	means persons registered as the holders of Shares on the Record Date.
Shares:	means the ordinary shares in the capital of the Company and, where applicable the ordinary shares being offered for subscription pursuant to this Rights Issue
Stock Exchange:	means any stock exchange on which the securities of the Company may be quoted from time to time.
Underwriting Agreement	means an underwriting agreement entered into between Eneget and NRG on 23 May 2016 which is summarised in Section 6.
Underwritten Amount:	means an amount of \$321,999 being the subscription moneys for 26,833,245 new Shares offered for subscription pursuant to the Rights Issue.
Underwriter or NRG:	means Natural Resources Group Pty Ltd (ABN 46 004 650 597).