

QUARTERLY ACTIVITY REPORT

30 June 2016

Enegex Limited (**ASX Code: ENX**) holds a working interest in petroleum Retention Lease WA-54-R located in the Browse Basin. Details of activities undertaken during the quarter are provided below.

Enegex remains open to new opportunities that may present in the current economic climate.

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

The Cornea Joint Venture consists of the following interests:

Enegex 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.

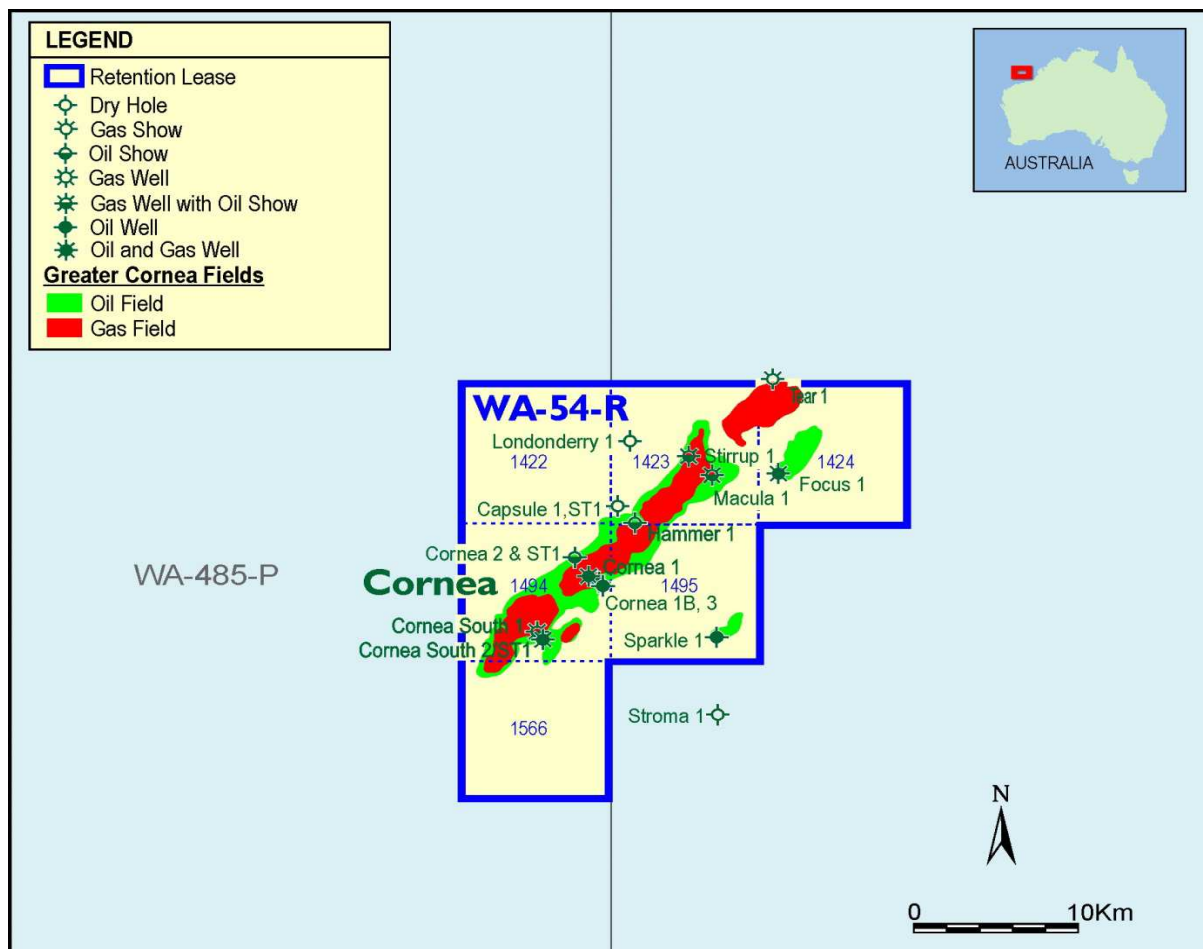


Figure 1 Greater Cornea Field Retention Lease Location Map

The 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).

	Low Estimate	Best Estimate	High Estimate	
Middle Albian B & C Sands	(P90)	(P50)	(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 Enegex Economic Interest*	1.16	4.28	15.16	mmbbl

* Based on Enegex'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.

During the quarter Year-2 work program activities were progressed, particularly economic studies. In addition to the economic modelling, other commercial work including regulatory and approvals matters for a Year-4 production test well were pursued.

Technical work included drilling studies, particularly focusing on the use of technology to address key uncertainties. Additional field development work focused on an appropriate production system, presently the preferred configuration being a Mobile Drilling and Production Unit (MODPU) and tanker, as well as identification of required metocean data.

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.

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.

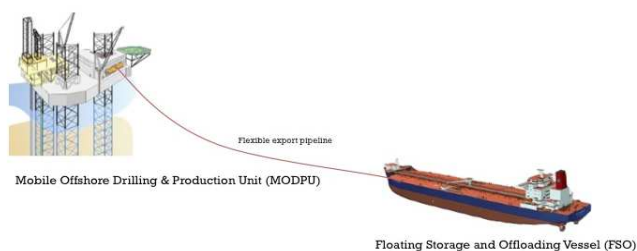


Figure 2 Preferred Field Development Concept using MODPU and FSO

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 (has therefore resulted in a development of the Greater Cornea Fields not being presently commercial, even were the production uncertainty to be resolved.

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.

Potential Alliances

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

Non Renounceable Rights Issue

During the quarter the Company raised \$322,000 in new equity funding, before costs, through a pro rata non renounceable rights issue. 26,833,246 new shares were issued as a result of the rights issue.

By Order of the Board

R J Wright

Company Secretary
Melbourne, Australia
29 July 2016

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10, 17/12/1, 01/05/2013.

Name of entity

ENEGEX LIMITED

ABN

28 160 818 986

Quarter ended ("current quarter")

30 June 2016

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(2) (22)	(23) (136)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	4	9
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other		
Net Operating Cash Flows		(20)	(150)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets		
1.9	Proceeds from sale of: (a)prospects (b)equity investments (c)other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material) –		
Net investing cash flows			
1.13	Total operating and investing cash flows (carried forward)	(20)	(150)

+ See chapter 19 for defined terms.

Appendix 5B**Mining exploration entity and oil and gas exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(20)	(150)
Cash flows related to financing activities			
1.14	Net Proceeds from issues of shares, options, etc.	292	292
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Share issue costs		
	Net financing cash flows	292	292
	Net increase in cash held	272	142
1.20	Cash at beginning of quarter/year to date	337	467
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	609	609

Payments to directors of the entity and associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	10
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	10
4.2 Development	
4.3 Production	
4.4 Administration	20
Total	30

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	76	56
5.2 Deposits at call	533	281
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	609	337

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed		See Activity Report Section		
6.2 Interests in mining tenements and petroleum tenements acquired or increased		See Activity Report Section		

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	80,499,737	80,499,737		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	26,833,246	26,833,246		
7.5 +Convertible debt securities (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)				
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures (totals only)				
7.12 Unsecured notes (totals only)				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 29/07/2016
(Company Secretary)

Print name: R .J. WRIGHT

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.