

ENEABBA GAS LIMITED

A.B.N. 69 107 385 884

APPENDIX 4D
AND
HALF YEAR FINANCIAL REPORT

31 DECEMBER 2008

Appendix 4D

Eneabba Gas Limited and Controlled Entities

ABN 69 107 385 884

Half Year ended 31 December 2008 - Additional Disclosures

1. Reporting periods

Half year ended (‘Current period’)	Half year ended (‘Previous corresponding period’)
31 December 2008	31 December 2007

2. Results for announcement to the market

			\$A'000
Revenues from ordinary activities	up	5,123%	3,819
Profit from ordinary activities after tax attributable to members	up	N/A	1,248
Profit for the period attributable to members	up	N/A	1,248

Brief explanation of above figures – During the period, a decision was taken to dispose the entire inventory of gas that had been held for the purposes of commissioning the proposed Centauri 1 Power Station. Sale of this gas has been primarily responsible for the significant revenue and profit arising during the period (nil revenue from gas sale during the corresponding prior period). There was also greater emphasis on expenditure cost control during the period.
For more information, please see the Directors Report on page 3 of the Half-Year Financial Report 31 December 2008.

Dividends - There were no dividends declared or paid during the period and the directors do not recommend that any dividend be paid.

3. Net tangible asset backing

	Current period	Previous corresponding period
Net tangible asset backing / (deficiency) per ordinary security	10.1 cents / share	7.8 cents / share

4. Controlled Entities

There were no controlled entities gained or lost during the period.

5. Dividends or Distributions

Nil.

6. Dividend or Distribution Reinvestment Plans

N/A.

7. Material interests in entities which are not controlled entities

N/A.

8. Foreign Entities

N/A.

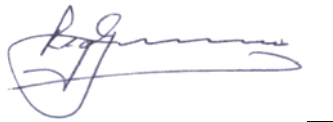
9. Independent Review Report

Refer to the Independent Review Report on page 13 and page 14 of the attached Financial Report for the half year ended 31 December 2008.

10. Compliance statement

This report should be read in conjunction with the attached Half Year Financial Report for the half year ended 31 December 2008.

Sign here:



Date: 23 February 2009

Print name: R N Gillard



Eneabba Gas Limited
ABN 69 107 385 884

Half-Year Financial Report
31 December 2008

ENEABBA GAS LIMITED – HALF-YEAR REPORT

TABLE OF CONTENTS

Directors' Report	3
Auditor's Independence Declaration	4
Condensed Income Statement	5
Condensed Balance Sheet	6
Condensed Cash Flow Statement	7
Condensed Statement of Changes in Equity	8
Note 1 - Summary of Significant Accounting Policies	9
Note 2 - Segment Reporting	10,11
Note 3 - Inventories	12
Note 4 - Commitments and Contingencies	12
Note 5 - Employee Benefits	12
Note 6 - Subsequent Events	12
Directors' Declaration	13
Independent Review Report	14

ENEABBA GAS LIMITED – HALF-YEAR REPORT

DIRECTORS' REPORT

The Directors present their report on the Company for the half-year ended 31 December 2008.

Directors

The names of directors in office at any time during the half-year or since the end of the half-year are:

R N Gillard, Chairman
M H Babidge, Managing Director
C E Bennett, Non-executive Director
P R Oates, Non-executive Director

Directors have been in office since the start of the half-year to the date of this report unless otherwise stated.

Principal activities

The principal activity of the Company during the half-year was the continuing planning for the proposed construction of the 168 MW Centauri 1 power station near Dongara, Western Australia.

Review and results of operations

The profit from operations of the Company for the half-year was \$1,247,278 (2007: Loss \$711,926).

As advised in June of 2007, Eneabba's 168 MW Centauri 1 Power Station now has all the necessary regulatory approvals for development. However, due to a delay in the confirmation of definite take or pay contracts for electricity supply with customers in the Mid West region of WA, the Company has delayed activating the agreement with GE Energy to acquire four GE LM 6000 gas-fired turbines.

The Gas Supply Agreement ("GSA") announced in September 2008 for the sale and delivery of the Company's remaining gas inventory for total sales proceeds of approximately \$3.7 million, has resulted in a recapitalisation of the Company without diluting its shareholder base. In the half-year just ended, \$2.7 million of the sale proceeds were received, with the balance of \$1 million received in January 2009.

The Company's ten (10) coal tenements covering an area of 300,000 acres in the Perth Basin, have been assessed as being suitable for Underground Coal Gasification ("UCG") and some 19 landowner agreements have been lodged and approved by DoIR for further exploration programs, including drilling.

The Company is presently engaged in technical and commercial discussions with a number of technical specialists experienced in UCG techniques and operations. The next phase of exploration drilling on these tenements is designed to test UCG yield suitability plus a capability for JORC compliant Inferred Resource estimates.

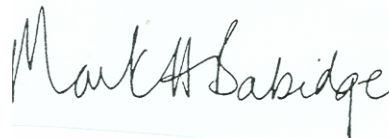
Auditor's independence declaration

The Corporations Act requires our auditors, PKF Chartered Accountants, to provide the directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on the next page and forms part of this directors' report for the half-year ended 31 December 2008.

Signed in accordance with a resolution of the directors



R N Gillard
Chairman
23 February 2009



M H Babidge
Director
23 February 2009

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of ENEABBA GAS LIMITED for the half year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of ENEABBA GAS LIMITED and the entities it controlled during the half year.



PKF
Chartered Accountants



Chris Nicoloff
Partner

Dated at Perth, Western Australia on this 23rd day of February 2009

Tel: 61 8 9278 2222 | Fax: 61 8 9278 2200 | www.pkf.com.au
West Australian Partnership | ABN 39 542 778 278
Level 7, BGC Centre | 28 The Esplanade | Perth | Western Australia 6000 | Australia
PO Box Z5066 | St Georges Terrace | Perth | Western Australia 6831

PKF is a national association of independent chartered accounting and consulting firms, each trading as PKF. PKF Australia Ltd is also a member of PKF International, an association of legally independent chartered accounting and consulting firms.

ENEABBA GAS LIMITED – HALF-YEAR REPORT

Condensed Income Statement

for the half-year ended 31 December 2008

	Notes	Consolidated	
		31 Dec	31 Dec
		2008	2007
		\$	\$
Revenue from operations			
Finance revenue		99,974	67,177
Sale of gas	3	3,710,000	-
Lease revenue		3,100	3,100
Other income		5,712	2,833
Total revenue from operations		3,818,786	73,110
Expenses			
Cost of gas sold	3	(1,483,536)	-
Finance expense		-	(49)
Feasibility study costs expensed		(51,930)	(96,793)
Employee benefits	5	(456,042)	(471,257)
Amortisation and depreciation		(9,663)	(10,074)
Exploration expenditure written off		(120,462)	-
Other Expenses		(269,875)	(206,863)
Total expenses		(2,391,508)	(785,036)
Profit / (Loss) before income tax		1,427,278	(711,926)
Income tax		(180,000)	-
Profit / (Loss) from operations		1,247,278	(711,926)
Profit / (Loss) attributable to members of Eneabba Gas Limited		1,247,278	(711,926)
<hr/>			
Basic earnings (loss) per share - cents		1.67	(0.95)
Diluted earnings (loss) per share - cents		1.67	(0.95)

The above Income Statement should be read in conjunction with the attached notes.

ENEABBA GAS LIMITED – HALF-YEAR REPORT

Condensed Balance Sheet as at 31 December 2008

	Consolidated	
	31 Dec	30 June
	2008	2008
Notes	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	5,145,253	2,854,752
Receivables	1,089,687	-
Prepayments	36,607	6,939
Total current assets	6,271,547	2,861,691
Non-current assets		
Deposits	25,000	25,000
Inventories	-	1,464,036
Property, plant and equipment	1,640,314	1,631,724
Exploration and evaluation assets	1,101,525	1,108,203
Prepayments	125,000	125,000
Total non-current assets	2,891,839	4,353,963
Total assets	9,163,386	7,215,654
LIABILITIES		
Current liabilities		
Payables	279,351	34,177
Taxation	180,000	-
Unearned revenue – lease income	517	517
Provisions	48,551	44,184
Total current liabilities	508,419	78,878
Total liabilities	508,419	78,878
Net assets	8,654,967	7,136,776
EQUITY		
Contributed equity	10,221,807	10,221,327
Option reserve	415,833	145,400
Accumulated losses	(1,982,673)	(3,229,951)
Total equity	8,654,967	7,136,776

The above Balance Sheet should be read in conjunction with the attached notes.

ENEABBA GAS LIMITED – HALF-YEAR REPORT

Condensed Cash Flow Statement

for the half-year ended 31 December 2008

	Consolidated	
	31 Dec	31 Dec
	2008	2007
Notes	\$	\$
Cash flows from operating activities		
Receipts from customers – GST component only on proceeds from sale of gas	273,000	-
Payments to suppliers and employees inclusive of GST	(623,969)	(657,908)
Interest received	99,974	67,177
Lease income - pastoral	3,100	3,100
Other income	5,712	3,702
Other items – GST remitted from proceeds on sale of gas	(155,400)	-
Net cash flows from (used in) operating activities	(397,583)	(583,929)
Cash flows from investing activities		
Proceeds from sale of inventories	2,730,000	-
Payments for property, plant and equipment	(29,218)	(14,649)
Payments for exploration and evaluation activities	(149,611)	(288,816)
Net cash flows from (used in) investing activities	2,551,171	(303,465)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	480	-
Proceeds from issue of options	149,144	-
Option issue costs	(12,711)	-
Net cash flows from (used in) financing activities	136,913	-
Net increase (decrease) in cash and cash equivalents for the period	2,290,501	(887,394)
Cash and cash equivalents at the beginning of the period	2,854,752	2,523,475
Cash and cash equivalents at the end of the period	5,145,253	1,636,081

The above Cash Flow Statement should be read in conjunction with the attached notes.

ENEABBA GAS LIMITED – HALF-YEAR REPORT

Condensed Statement of Changes in Equity for the half-year ended 31 December 2008

	Contributed Equity \$	Reserves \$	Accumulated losses \$	Total equity \$
Equity at 1 July 2007	10,221,326	214,400	(2,627,234)	7,808,492
Option reserve *	-	20,750	-	20,750
Loss for the period	-	-	(711,926)	(711,926)
Equity at 31 December 2007	10,221,326	235,150	(3,339,160)	7,117,316
Option reserve *	-	(89,750)	-	(89,750)
Gross proceeds from issue of shares	1	-	-	1
Less costs of share issue	-	-	-	-
Profit (loss) for the period	-	-	109,209	109,209
Equity at 1 July 2008	10,221,327	145,400	(3,229,951)	7,136,776
Option reserve *	-	134,000	-	134,000
Proceeds from issue of ordinary shares	480	-	-	480
Gross proceeds from issue of options **	-	149,144	-	149,144
Less costs of option issue **	-	(12,711)	-	(12,711)
Profit for the period	-	-	1,247,278	1,247,278
Equity at 31 December 2008	10,221,807	415,833	(1,982,673)	8,654,967

The above Statement of Changes in Equity should be read in conjunction with the attached notes.

* The movement of \$20,750, (\$89,750) and \$134,000 in the option reserve during the half year periods ended 31 December 2007, 30 June 2008 and 31 December 2008 respectively reflects the recognition during these periods of the value of equity instruments previously issued as part of executive remuneration and employee share option plan issues.

** Gross proceeds from issue of options of \$149,144 and option issue costs of (\$12,711) relate to a non-renounceable rights issue of 14,914,422 options exercisable at fifteen (15) cents each, with an expiry date of 30 June 2010.

ENEABBA GAS LIMITED – HALF-YEAR REPORT

Notes to the Financial Statements

For the half-year ended 31 December 2008

Note 1 - Summary of Significant Accounting Policies

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134: Interim Financial Reporting, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB').

The half-year report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted. For the purpose of preparing the half-year report, the half-year has been treated as a discrete reporting period.

The half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2008 and any public announcements made by Eneabba Gas Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2008 annual financial report for the financial year ended 30 June 2008.

In the half-year ended 31 December 2008, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2008. It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

ENEABBA GAS LIMITED – HALF-YEAR REPORT

Note 2 - Segment Reporting

The Company conducts operations in two industry segments, electricity generation and mineral exploration, and one geographic segment, Australia.

2008	Electricity Generation 2008 \$	Mineral Exploration 2008 \$	Unallocated 2008 \$	Consolidated 2008 \$
Segment revenue				
Finance revenue	-	-	99,974	99,974
Sale of gas	3,710,000	-	-	3,710,000
Lease revenue	-	-	3,100	3,100
Other revenue	-	-	5,712	5,712
Total revenue	3,710,000	-	108,786	3,818,786
Segment expenses				
Cost of gas sold	(1,483,536)	-	-	(1,483,536)
Net other costs	-	(120,462)	(728,250)	(848,712)
Planning costs	(49,597)	-	-	(49,597)
Profit (loss) before amortisation and depreciation	2,176,867	(120,462)	(619,464)	1436,941
Amortisation and depreciation	(2,333)	-	(7,330)	(9,663)
Profit (loss) before income tax benefits	2,174,534	(120,462)	(626,794)	1,427,278
Segment assets and Liabilities				
Other assets	1,609,545	1,101,525	6,452,316	9,163,386
Liabilities	(194,808)	-	(313,611)	(508,419)
Net assets	1,414,737	1,101,525	6,138,705	8,654,967
Segment cashflows				
Operating	117,600	-	(515,183)	(397,583)
Investing	2,708,750	(149,611)	(7,968)	2,551,171
Financing	-	-	136,913	136,913
Net cash movement	2,826,350	(149,611)	(386,238)	2,290,501

ENEABBA GAS LIMITED – HALF-YEAR REPORT

Note 2 - Segment Reporting continued...

2007	Electricity Generation 2007 \$	Mineral Exploration 2007 \$	Unallocated 2007 \$	Consolidated 2007 \$
Segment revenue				
Finance revenue	-	-	67,177	67,177
Lease revenue	-	-	4,433	4,433
Other revenue	-	-	1,500	1,500
Total revenue	-	-	73,110	73,110
Segment expenses				
Net other costs	-	-	(605,059)	(605,059)
Planning costs	(96,793)	-	-	(96,793)
Loss before amortisation and depreciation	(96,793)	-	(605,059)	(701,852)
Amortisation and depreciation	(2,744)	-	(7,330)	(10,074)
Loss before income tax benefits	(99,537)	-	(612,389)	(711,926)
Segment assets and liabilities				
Gas inventory assets	2,568,969	-	-	2,568,969
Other assets	1,653,412	1,290,921	1,732,971	4,677,304
Liabilities	-	(45,454)	(83,503)	(128,957)
Net assets	4,222,381	1,245,467	1,649,468	7,117,316
Segment cashflows				
Operating	-	-	(586,131)	(586,131)
Investing	(113,892)	(189,255)	(318)	(303,465)
Financing	-	-	2,202	2,202
Net cash movement	(113,892)	(189,255)	(584,247)	(887,394)

ENEABBA GAS LIMITED – HALF-YEAR REPORT

Note 3 - Inventories

The remaining gas inventories have been sold during the period. Inventories had comprised of supplies of gas held in storage by a third party for the purpose of the commissioning the proposed Centauri 1 Power Station and was valued at the lower of cost and net realisable value. Costs included transport.

Note 4 – Contingent Liabilities

Since the last annual reporting date, there has been no material change in any contingent liabilities reported in the June 2008 Annual Report.

Note 5 - Employee benefits

	31 Dec 2008 \$	31 Dec 2007 \$
On-going employee benefits	456,042	340,457
Non-recurring termination cost	-	130,800
Employee benefits	456,042	471,257

Note 6 - Subsequent Events

There are no matters or circumstances that have arisen since 31 December 2008 that have or may significantly affect the operations, results, or state of affairs of the consolidated entity in future financial periods.

ENEABBA GAS LIMITED – HALF-YEAR REPORT

Directors' Declaration

In accordance with a resolution of the directors of Eneabba Gas Limited we state that:

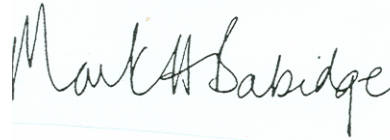
In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations ; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



R N Gillard
Director
23 February 2009



M H Babidge
Director
23 February 2009

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF ENEABBA GAS LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of ENEABBA GAS LIMITED, which comprises the condensed balance sheet as at 31 December 2008 and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at 31 December 2008 or from time to time during the half year ended on that date.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of ENEABBA GAS LIMITED, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Tel: 61 8 9278 2222 | Fax: 61 8 9278 2200 | www.pkf.com.au
West Australian Partnership | ABN 39 542 778 278
Level 7, BGC Centre | 28 The Esplanade | Perth | Western Australia 6000 | Australia
PO Box Z5066 | St Georges Terrace | Perth | Western Australia 6831

PKF is a national association of independent chartered accounting and consulting firms, each trading as PKF. PKF Australia Ltd is also a member of PKF International, an association of legally independent chartered accounting and consulting firms.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of ENEABBA GAS LIMITED is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



PKF
Chartered Accountants



Chris Nicoloff
Partner

Dated at Perth, Western Australia on this 23rd day of February 2009