ENEABBA GAS LIMITED

ABN 69 107 385 884

Annual Financial Report

30 June 2009

Registered Office and Principal Place of Business:
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ENEABBA GAS LIMITED

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ANNUAL GENERAL MEETING

The Annual General Meeting of Eneabba Gas Limited will be held at Holiday Inn City Centre Perth, 778-788 Hay Street, Perth, Western Australia, Australia at 11.30am on Thursday, 12 November 2009.

STOCK EXCHANGE LISTING

The Company's shares and options are listed under the codes ENB, ENBO and ENBOA on the Australian Securities Exchange.

Reference in this report to 'year' or 'financial year' means the 12 months ended 30 June 2009. All units of currency are expressed in Australian dollars unless otherwise specified.

Eneabba Gas Limited is the parent company of the Eneabba Group of Companies. In this report, unless otherwise specified, references to "Eneabba Gas" and "the Group" refers to Eneabba Gas Limited and its controlled entities as a whole and reference to "the Company" refers to Eneabba Gas Limited. "EEPL" refers to Eneabba Energy Pty Ltd, "EHPL" refers to Eneabba Holdings Pty Ltd, "EMPL" refers to Eneabba Mining Pty Ltd and "EPPL" refers to Eneabba Power Pty Ltd.

CORPORATE DIRECTORY

Directors

Reginald N Gillard – Non-executive Chairman
Mark H Babidge – CEO & Managing Director
Christopher E Bennett – Non-executive director
Peter R Oates – Non-executive director

Company Secretary

Simon L Robertson

General Manager

Simon P Haigh

Group Accountant

Jason W Cleasby

Registered Office

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Postal Address

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Visit our website

www.eneabbagas.com.au

Auditors

PKF Chartered Accountants

Environmental Consultants

Strategen Environmental Consultants Pty Ltd

Geological Consultants

Westby Consulting Pty Ltd

Independent Energy Advisers

ACIL Tasman Pty Ltd

Legal Advisers

Hardy Bowen
Minter Ellison

Power and Water Consultants

Worley Parsons Pty Ltd

Share Registry

Security Transfer Registrars Pty Ltd
PO Box 535
Applecross WA 6953
Tel: +61 8 9315 2333

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ENEABBA GAS LIMITED

MISSION STATEMENT

Eneabba Gas Limited is focused on developing resources that generate

- *energy for regional infrastructure,*
- *benefits to the local community, and*
- *wealth for its stakeholders.*

MANAGEMENT AND OPERATIONS REVIEW 2008-2009

During the year Eneabba Gas Limited ("EGL" or "the Company") engaged with the developments in the Mid West region, which were significantly enhanced by the change of direction and focus of the newly elected State Government. With the new government, the partnership with the W.A. Nationals created a focus through the "Royalties for Regions" scheme and as such, a non-metropolitan activity schedule for funding availability.

MAIN EVENTS & MILESTONES

The main events and activities of the year can be summarised as follows;

- September 2008 – Directors announced a pro-rata entitlement offer of securities, in recognition of shareholder loyalty since the Company's successful ASX debut in April 2006. The offer being for one new option for every five Ordinary shares held, offered at $0.01 each and with an exercise price of $0.15 each, expiry 30 June 2010. While this raised minimal capital ($149,112), it was an acknowledgement by the Company of the shareholder loyalty during a period when outside influences and the progress of environmental approvals in the Mid West was being delayed.

- September 2008 - Signing a Gas Sales Agreement ("GSA") for the delivery to an off-taker that resulted in a substantial increase in the Company's cash reserves. The total sale proceeds were approximately $3.7 million. This action resulted in a recapitalisation of the Company, ensuring that the Company did not have to seek additional working capital for operations in a rapidly cooling financial market, plus diluting its shareholder base.

- October 2008 – The Company continued discussions with the Shire of Irwin in regard the Centauri 1 Power Station site and development. Some rationalisation occurred with the cleaning up of roadways internally and also the establishment of fencing began for 3,000 acres of remnant bush which are preserved for 50 years. This area secures some 30.5 MW equivalents of carbon offsets against future ETS requirements.

  The Company engaged in technical and commercial discussions with a number of specialists experienced in Underground Coal Gasification ("UCG") techniques and operations. The Company was planning to ensure, along with the above, that the 2009 Sargon drilling programme would identify capability for a JORC compliant Inferred Resource estimate in the selected area.

  The Company gifted land title 2635 / 40, Lot 713 of some 3.9 Ha as a community development area to the Shire of Irwin. The land at Pell Bridge on the Irwin River is on the corner of Brand Highway and Midlands Road, Yarandino, Dongara. The most likely use is a rest point alongside the river for tourist traffic.

- November 2008 – The exploration on tenement E 70 / 2759 owned by Eneabba Holdings Pty Ltd (EHPL) was completed and following the limited results for mineralisation, the Company surrendered this tenement and as such eliminated the future potential losses it would incur if retained.

- December 2008 – the Sargon coal tenements (10) were fully reviewed and a further drilling programme assessed for 2009. The focus was that these tenements were to be suitable for UCG. Initially, 12 landowner agreements were lodged with the (then) Department of Industry and Resources (DoIR – now Department of Mines and Petroleum, DMP) for approval for drilling.

- February 2009 - Final approvals for drilling were given to start the Sargon exploration drilling for the 2009 season. In order to secure an adequate quantity of coal from the target areas, 14 holes will be drilled in this year's drilling programme. It is anticipated that as a result of core drilling, adequate samples of coal will be produced for laboratory testing.

  The process and success of coal gasification in Australia has already started in Queensland. This process represents a new future in Australia for liquid fuel production from coal, with such fuel being able to provide an alternative fuel to gas from the Perth Basin or North West Shelf in WA. With the emphasis on clean coal and minimisation of greenhouse gas effects, future resource identification now has a focus on the above principles in the 2009 Sargon exploration programme.

- April 2009 – The Company reached a critical milestone in development of the Centauri 1 Power Station with the announcement of a Heads of Agreement (HoA) with Carbon Energy Limited (ASX: CNX) of Queensland for development of UCG Syngas supply, the fuel source for the power station.

  Key points:
  - HoA with Carbon Energy for sale of coal exploration assets in Mid West region of WA.
  - Issue of 30 million CNX fully paid Ordinary shares and royalty rights to EGL in exchange for the Sargon Group coal tenements.

- Carbon Energy to enter into agreement with EGL to supply minimum of 15 TJ per day (up to 45 TJ per day) of UCG Syngas for the Centauri 1 Power Station.
- Agreement likely to see significant reduction in energy costs for region.
- Project has significant infrastructure advantages.

The Company believes that CNX has the access to advanced technology and demonstrated proven ability in the successful development of a UCG project of this nature. Most importantly through, this agreement they would be able to provide a reliable and sustainable source of gas supply for the proposed Centauri 1 Power Station. The successful completion of the transactions contemplated by the HoA is subject to mutual due diligence including the drilling by EMPL on its tenements and the subsequent negotiation of binding formal agreements between the parties.

The sale of the Eneabba Mining Pty Ltd (EMPL) Sargon tenements will provide significant financial benefits to the Company and its energy users in the Mid West, with the Syngas GSA likely to reduce (on current North West Shelf Gas pricing) the annual fuel cost for Centauri 1 Power Station by approximately $30 million per annum, most of which will be available to be passed on in lower energy pricing.

The successful completion of the transactions contemplated under the HoA are subject to mutual due diligence, including the drilling by EMPL on its tenements and the subsequent negotiation of binding formal agreements between the parties.

- May 2009 – Oakajee deep water port funding announcement by the Federal and State governments.

- June 2009 – On 30 June 2009, the Company announced that it would seek shareholder approval for a new option issue entitling holders of the 30-cent options expiring on that date to one new option for every three expired options. The terms of the new issue which were approved by shareholders on 30 June 2009 were priced one cent, exercise price $0.20 and expiry date 30 June 2012. The intention of the issue was to reward shareholders who have remained loyal to the Company since its ASX listing in 2006.

THE WAY AHEAD

Since 2005, the Company and its technical consultants have diligently progressed plans for its proposed 168 MW Centauri 1 gas-fired power station project, located on company-owned land eight kilometres east of Dongara and approximately 365 kms north of Perth in Western Australia.

The Company has welcomed the announcements by the Federal and Western Australian governments to commit $4 billion towards the construction of a deep sea commodities port at Oakajee, north of Geraldton in Western Australia. Once completed, Oakajee will become a key piece of infrastructure in the region, servicing a large number of mining projects looking to enter development in the coming years. The Western Australian government says the construction phase of the development, from 2010 to 2014, will create up to 2,000 jobs.

In addition to the Oakajee port and associated rail development, the other vital requirement of mining companies in the region is access to a cost effective, stable and sustainable source of power. The Company has, as a result of careful planning and a number of significant company generated developments, cemented its position as the only viable provider of cost effective ‘clean’ energy to the Mid West region of Western Australia.

In the past 12 months, the Company has stepped up its activities regarding the development of the Centauri 1 Power Station. To date, EGL is the ONLY energy company in the region to receive the various Government approvals needed for the rapid development of this vital piece of infrastructure, including planning approvals from the Shire of Irwin, Environmental Protection Authority (EPA) and DoIR (now DMP).

In addition, the Company is also the ONLY holder of an Economic Regulation Authority (ERA) generation licence in the Mid West region – a licence needed to commence power generation.

The Company has worked very hard to ensure that we had these necessary approvals in place. We identified very early in our planning that to apply for and receive these approvals would ensure the Centauri 1 Power Station was rightly recognised as a legitimate source of low-cost ‘clean’ energy for the Midwest resources industries.

In addition, the Company has also finalised all technical aspects associated with the Centauri 1 Power Station, the only energy company in the region to do so. To this end, the Company has reached agreement to acquire four GE LM 6000 gas-fired turbines which will allow construction to commence on site immediately and for the plant to be operational in approximately 14 months, or as soon as take or pay contracts for Mid West iron ore customers are confirmed.

Significantly for the mining companies in the region, generation capacity for the Centauri 1 Power Station can be easily increased to 365 MW under the proposed plant's existing technical specifications.

All the building blocks are in place to ensure that Centauri 1 is able to meet the needs of the resources companies in the Mid West, not least all necessary approvals, finalised technical plans and a gas supply agreement with a world-leader in UCG development.

A vital milestone in the development of the Centauri 1 Power Station has at all times been access to an uninterrupted gas supply. This was confirmed on 1 April 2009, when the company reached a HoA with fellow Australian company Carbon Energy Limited to jointly develop a UCG project to supply the power station.

Under the terms of the HoA as detailed above, CNX will acquire a substantial coal exploration area in Western Australia from EMPL, including at least a 300 Mt JORC compliant inferred resource, and will execute a GSA with the Company to supply a minimum of 15 TJ per day (up to 45 TJ per day) of UCG Syngas for the Centauri 1 Power Station.

The Company believes the signing of this agreement with a company with access to advanced technology, a demonstrated proven ability in the successful development of UCG projects and an ability to meet the necessary requirements of the power station, will prove a catalyst for Centauri 1 Power Station commencing construction in the coming near term.

More than that, the Company is able to bring its power station on line within any timeframe required from any end users, with an energy cost that is significantly less than any current or potential competitors.

The Company is also talking about 'real' technologies, not technologies that may be in effect in the next 10-15 years, as the Company strongly believes that these new and unproven technologies are of no use to mining companies wanting to get projects up and running within the next five years. With the intense pressure from Peoples' Republic of China for greater iron ore supply, the time for action is now.

Importantly for EGL and its energy users in the Mid West, the Company believes the Syngas Gas Sale Agreement is likely to reduce (on current North West Shelf Gas pricing) the annual fuel cost for Centauri 1 Power Station by approximately A$30 million per annum, most of which will be passed on in lower energy pricing.

This fuel price reduction will ensure that power delivery in the Mid West region from the Centauri 1 Power Station will give significant support to the iron ore miners in the region. The miners will not only have the ability of local generation but power at much reduced price to assist in their projects' economic benefit, thereby supporting the State Government's desire and vision for Oakajee port to commence.

EXPLORATION

The Sargon coal tenements and supply of the fuel source for Centauri 1 Power Station are located in the Mid West of Western Australia, adjacent to major infrastructure. The existing port of Geraldton and the planned deepwater Oakajee port are within 60-70 kms; a railway runs through five of the 10 tenements; and the main highway from Perth, north to the Pilbara and the Kimberley - the Brand Highway - also runs past the tenements.

The details of the year-to-date exploration are given in a separate independent report which is immediately after the Operations and Management Report, in this annual report to shareholders.

ENVIRONMENT

Eneabba Gas Limited is a Greenhouse Challenge Plus Member. This means that in addition to the strong technical and economic credentials of the Centauri 1 Power Station, the Company has also focussed on ensuring it will be a 'carbon neutral' site. This is achieved through the conservation of some 3,000 acres of remnant bush, which has been confirmed by the Greenhouse Office to offset some 30.5 MW equivalents of carbon credits.

The Company was presented with a Greenhouse Challenge Plus Certificate in recognition of its voluntary greenhouse gas abatement programme, which assisted in an Australian total some 37 million tonnes of CO_2 over the life of the programme.

330 kV LINE: PERTH to GERALDTON

The Company has engaged the Western Australian Government and Shires in the Mid West along with potential off-takers of power, following the decision by the Barnett State Government to not place any budget for the Western Power Networks ("WPN") capital works for a previously proposed 330 Kv line from Perth to Geraldton.

The Company believes that the establishment of a local generation system in the Mid West for large users of energy does not warrant such a project. The Company's Centauri 1 Power Station can adequately meet the needs of resources companies and also support other local customers.

While the State Government has undertaken a study for the 330 kV line, it has been on the conditions below and is heavily conditional for a part stage:

(1) review the best option to provide electricity to the Mid West;
(2) review the WPN proposal to see if the 330 kV power line in its present form is the best option AND can demonstrate a real return on capital;
(3) assess all options to effectively deliver electricity to the region;
(4) acknowledge increase demand for projects; and
(5) do the right thing for the people of the Mid West.

The Company believes that it has demonstrated the required regulatory approvals are in place and its capability to provide:

(a) A commercially sound energy generation hub in the Mid West without significant cost to government. The Company option is the most economic for both government and the minerals projects in the Mid West, as well as local business.

(b) The Company can deliver power to iron ore miners and other large (>40MW) customers at a lower cost due to:-
    (i) meaningful gas price reduction and energy market competition;
    (ii) almost 50 per cent reduction to the off taker in cost of energy transmission;
    (iii) power generation with extremely low carbon emissions resulting in lower ETS cost.

(c) The Company has indicated that with a spend of $690 million for the 330 kV line, plus a potential $250 million for local transmission to off-takers (total minimum $950 million), applying the 'weighted average cost of capital" that has been used by the Western Power consultants, EVERY one of the 840,000 connections in the South West Integrated System ("SWIS") would have to bear a "support charge" of $109.10 EVERY year to meet the return on funds of this project. This is the raw cost without any annual operations and maintenance allocation. If this charge were not allocated to the SWIS, but only to local supply, the annual and continuing increases would be commercially and perhaps politically untenable.

(d) Using the local generation that the Company can create, it has the potential to defer the significant government capital spend (estimated to be up to $690 million +) on a 330 kV line as the EGL project will have the capacity to provide local generation with lower carbon emissions than export of mainly coal-fired power from the South West region of WA north to the Mid West.

(e) In a possible support mode with Verve Energy at Mungarra power station east of Geraldton and its proposed 80 MW wind farm, the Company can support this and the Walkaway wind farm with low emission gas turbine generated power supplies. This co-operative arrangement could possibly supply most of Oakajee's projected 75 MW–80 MW requirements with 'renewable energy'/low carbon emission energy, assisting in the 2020 target of 20 per cent renewable energy.

(f) In 'ring fencing' the North Country Region of the SWIS in this way it is anticipated that maybe $30–$40 million expenditure of SWIS transmission between Verve's Mungarra power station and Oakajee would accommodate energy needs for up to the next 10 years.

(i) The Western Power / SKM line route deliberations were a failure as no "chosen" alternatives were aligned to either Verve's Mungarra power station OR Centauri 1 Power Station. The Company is surprised that transmission planners would ignore almost 300 MW of generation capacity without any connection alignment.

(g) With the high possibility of a southern route for the planned new railway connecting the new iron ore precincts in the Mid West to the new port at Oakajee - as has been discussed in the media – the Company's Dongara land area has the capacity, should it be required, to electrify that rail route:-
    (i) to install two x 175 MW syngas fuelled turbines which would save some $80 million per year (consultant's estimate) vs diesel locomotives, plus being carbon emission beneficial.
    (ii) this route initially has the potential for good cash flow, since the extra tonnage increase of Geraldton Port would create significant extra revenue.

GAS INVENTORY

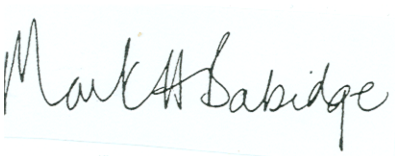
The Company’s inventory of gas at 30 June 2009 was nil. However, within one week of that date the inventory was being re-supplied for the 2009-2010 year. The Company has undertaken arrangements to take appropriate action if favourable commercial conditions arise. Since 6 July 2009, the Company has begun gas purchase under these terms and also maintains permanent gas storage capacity at the APA Group facility at Mondarra, some 11 kms east of the Company’s Dongara site.

ADMINISTRATION

The Company appointed Simon Haigh as General Manager of Eneabba Gas Limited on 29 June 2009. This appointment and Simon’s skills and experience, are a significant and measured step towards strengthening the next stage of the Company’s development and growth.

A renewal of a further three years commercial lease of the Offices in Ord Street West Perth has also been confirmed. The Company has secured this extension on favourable terms.

The Company has in this year, as previously a dedicated small office team and also enthusiastic consultants, service providers and supporters who have made our results positive. I sincerely wish to thank these people for believing in the Company’s vision and most importantly their fabulous support in the past 12 months.



Mark Babidge
Managing Director
24 August 2009

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5 August 2009
Mr. Mark Babidge
Managing Director
Eneabba Mining Pty Ltd

Re: Summary Report on Exploration Results within Sargon Group Tenement E70/2758.

Dear Mark,

Please find attached our summary report on coal exploration results since drilling program commencement, up to 30 July 2009. Exploration has been undertaken within lease E70/2758 near Dongara in Western Australia.

Yours faithfully

Troy Turner
Xenith Consulting

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Eneabba Mining Pty Ltd – Sargon Group Tenement E70/2758
Coal Exploration Results to July 30 2009.

KEY POINTS

- **Planned 12 hole drilling program for Underground Coal Gasificaton (UCG) coal targets commenced on 1 May 2009. Program was expanded to 14 holes due to encouraging exploration results during June.**
- **Now expect a total of 18 drill holes will be completed under Phase 1 of the program by Mid August. Recommendation is to then review all results, and to determine possible in-fill drill hole locations to close up spacing to 1000 metres between holes.**
- **5 holes completed in July with mixed results -**
  - **3 of the 5 holes that were drilled around the deposit margins had no coal intersections**
  - **redrill to deepen hole SP1 was successful, and**
  - **coal intersected in hole SS4, but D seam was split into 2 plies**
- **Geophysical logging of the successful holes has continued, and final results received for 9 holes analysed at Pearl Street Laboratory in Collie.**
- **Coal quality results confirm a sub-bituminous coal type with an insitu moisture range of 23-27% and a raw ash range of 20-31% as received basis (ar).**
- **Within the defined coal bearing area 2 main target seams - the C and D seams averaging 1.34m and 2.68m thickness respectively.**
- **Coal seam depths ranging from 180m – 340m below surface.**

Exploration drilling within E70/2758 commenced on the 1st May 2009 with drilling being undertaken by Mosslake Drilling Services and field geology, logging and supervision being conducted by QGESS and Westby Consulting staff.

Currently 13 holes have been completed on the nominal 2km x 2km grid pattern in the central part of the lease area. The area currently covered by the exploration drilling program is approximately 17 Sq.Km.

Since the initial results reported on 3 July 2009, a further 5 holes have been completed within the lease area. The hole named SP1A was redrilled near the original site SP1 with the coal sequence successfully intersected at 250.80m, which supported the view that the original hole was terminated prematurely.

The other 4 holes drilled during July had mixed results with only SS4 intersecting the Cattamarra Coal measures, however the main target D seam was found to be split into 2 plies and therefore is considered less attractive than in other areas of the lease. Holes SN2, SO3 and SV2 did not intersect any coal seams with the 2 northern holes found to be below the Cattamarra Coal Measures and intersected the basal Kockatea Shale unit. The hole drilled in the far South of the lease was terminated due to issues relating to difficult conditions resulting in some drilling equipment failure.

Results from the 9 successful holes in the defined coal bearing area shows the C seam to average 1.34m in thickness and the D seam to average 2.68m. The two seams are separated by a carbonaceous mudstone horizon which is currently averaging 1.27m in thickness. Samples were taken from the C-D interburden horizon in six holes to understand its composition. Analytical results have shown this parting band has a raw ash range of 72-77% ar.

Coal seam depths from the exploration holes have followed the trend of the strata dipping towards the south at relatively shallow dips (2-3 degrees). A fault interpretation has now been made on a large structure along the Western side of the deposit. This fault is shown on Figure 1. It is estimated that the fault has a vertical throw in the 100-125m range as seen between holes SP1A and the historical drill hole EMP11.

Drilling results are summarised below in Table 1.
Drill hole locations and general features are shown in Figure 1.
SQ2 drill hole geophysical log and raw ash sections are shown in Figure 2 as an example of the representative coal sequence.

Table 1 – Exploration Drilling Results up to July 30 2009

Hole Number	Seam C From	Seam C To	Seam C Thickness (m)	Seam D From	Seam D To	Seam D Thickness (m)	C-D Seam Interburden Thickness	Notes
SO1	217.03	218.38	1.35	219.63	222.00	2.37	1.25	
SO2	182.89	184.18	1.29	185.46	188.02	2.56	1.28	
SP1A	250.80	252.28	1.48	253.45	256.37	2.92	1.17	
SP2	275.44	276.88	1.44	277.99	280.52	2.53	1.11	
SQ1	250.20	251.60	1.40	252.68	255.60	2.92	1.08	
SQ2	286.07	287.42	1.35	288.51	290.88	2.37	1.09	
SR1	310.29	311.84	1.55	312.91	315.64	2.73	1.07	
SR2	341.28	342.57	1.29	343.83	346.59	2.76	1.26	
SS1	402.80	403.71	0.91	405.81	408.73	2.92	2.10	2007 Drillhole.
Average			**1.34**			**2.68**	**1.27**	
SS4	331.81	332.99	1.18	334.90	336.18	1.28	1.91	
				337.08	338.23	1.15	-	
SO3	No Coal Intersected to 149.70m, finished in Kockatea Shale unit.							
SN2	No Coal Intersected to 157.50m, finished in Granite basement.							
SV2	No Coal Intersected to 294.50m, finished after drilling equipment failure.							

Final coal quality sample results for the C and D seams have been received for 9 drill holes from the exploration program. The as received (ar) moisture has ranges from 23-27%, ash ranges from 20-31 ar% and volatile matter ranging from 20-30 ar%. These results show that the seams in the Cattamarra Coal Measures are a sub-bituminous rank, moderate ash and moderate volatile coal type.

The updated model is being used to assist in further depth predictions for the remaining drill holes and any further planning for infill drilling if required.

Once all drilling results are finalised including coal quality data the geological model will be finalised, and work will commence on preparing a coal resource statement for this area according to the JORC code.

** The information in this report relating to exploration results is based on information compiled by Mr Troy Turner who is a member of the Australasian Institute of Mining and Metallurgy, and is a full time employee of Xenith Consulting Pty Ltd.

Mr Turner is a qualified geologist and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as Competent Person as defined in the 2004 Edition of the "*Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves*."

Mr Turner consents to the inclusion in the report of the matters based on the information, in the form and context in which it appears.

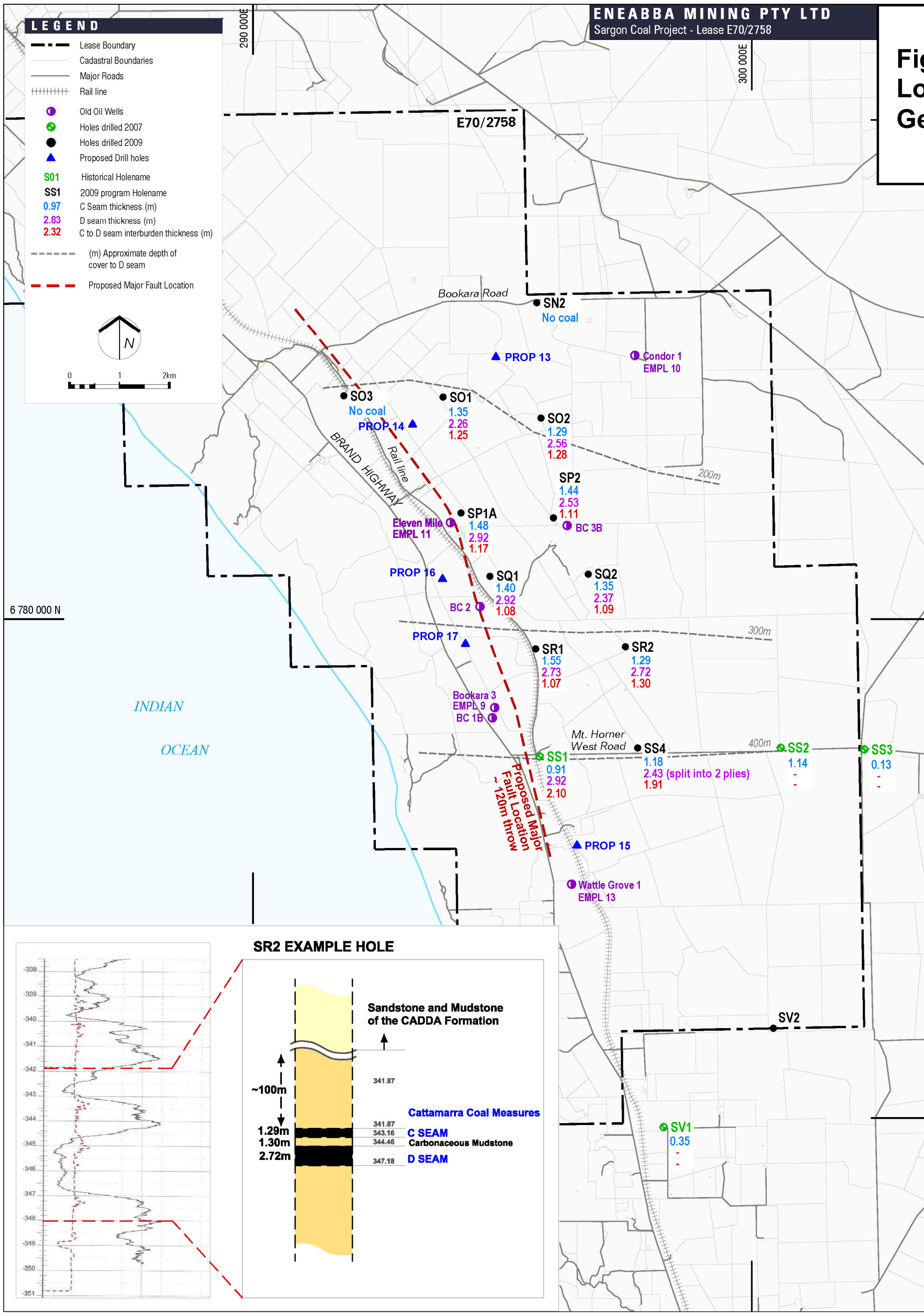

Figure 1 – Drillhole Locations and General Features

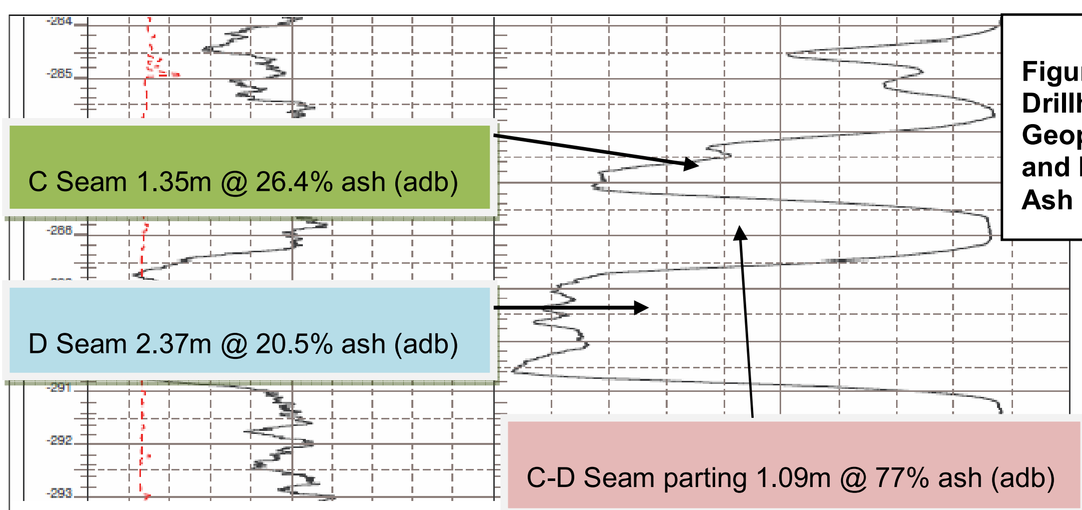

Figure 2 – SQ2 Drillhole Geophysical Log and Raw Coal Ash Section

Xenith

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19 August 2009

Mr. Mark Babidge
Managing Director
Eneabba Mining Pty Ltd

Re: Sargon Tenements Review for Coal Mineralisation Targets.

Dear Mark,

Please find attached our summary report on the Sargon tenements review for coal mineralisation targets.

The large size of the overall Sargon group tenements when combined with the encouraging exploration results from tenement E70/2758 suggest that the Mid West area could host a number of coal mineralisation targets suitable for Underground Coal Gasification (UCG) technology.

We have based our commentary on the results from historical oil and gas well drilling completed within the general area, which is reported in open file well reports and other technical papers.

Yours faithfully

Troy Turner
Xenith Consulting

Xenith

Eneabba Mining Pty Ltd – Review of Sargon Group Tenements for Potential Coal Mineralisation Targets.

KEY POINTS

- **Eneabba Mining Pty Ltd holds 10 tenements in the North Perth Basin collectively known as the Sargon Tenements. These tenements cover an extensive area of approximately 1,150 Sq.Km.**
- **Encouraging exploration results reported on 30 July 2009 for tenement E70/2758 where the 1st deposit identified has approximate dimensions defined at 6km long and 2.5km wide. Based on this it is reasonable to expect that a number of similar sized coal deposits could exist within the various fault bounded shelves and terraces in the lightly explored tenements further to the east.**
- **Jurrasic Age Cattamarra Coal Measures have been identified as the highest potential coal mineralisation target formation, following the successful ongoing drilling campaign within E70/2758 where this formation has been intersected in most holes, showing very consistent coal thickness and quality.**
- **Potential coal mineralisation targets in the areas North of the major Bookara fault in the Bookara shelf, are expected to have overburden depths in the range of 200 - 600 metres.**
- **Historical exploration reporting from old oil and gas well exploration has been reviewed to determine the highest priority areas for further coal exploration.**
- **Previous exploration companies have reported the occurrence of coal seams intersected in wells, however no detailed core sampling or geophysical logs were carried out.**
- **Recommend that any further exploration be targeted near the old wells and then step out depending on further success.**

** The information in this report relating to exploration results is based on information compiled by Mr Troy Turner who is a member of the Australasian Institute of Mining and Metallurgy, and is a full time employee of Xenith Consulting Pty Ltd.

Mr Turner is a qualified geologist and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as Competent Person as defined in the 2004 Edition of the "*Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.*"

Mr Turner consents to the inclusion in the report of the matters based on the information, in the form and context in which it appears.

Eneabba Mining Pty Ltd holds 10 tenements in the North Perth Basin of Western Australia. These tenements cover an extensive area of 1,150 Sq.Km and extend approximately 50 Km inland from the Western Australian coast.

Coal exploration drilling has been ongoing within E70/2758 since early May 2009 with this program successfully intersecting coal seams within the Cattamarra Coal measures which are a Jurassic age. Following this success in E70/2758 Xenith Consulting were commissioned to review the old exploration data in the other tenements to try and define other potential coal mineralisation targets, which could be advanced with further exploration drilling.

Previous old exploration wells were identified and were given an Eneabba Mining Pty Ltd numbering system for easy cross reference. These holes are shown in Figure 1. The wells that were examined in detail were –

- Casuarinas 1 – EMPL 37
- Connolly 1 – EMPL 15, and
- Mt Hill 1 – EMPL 16

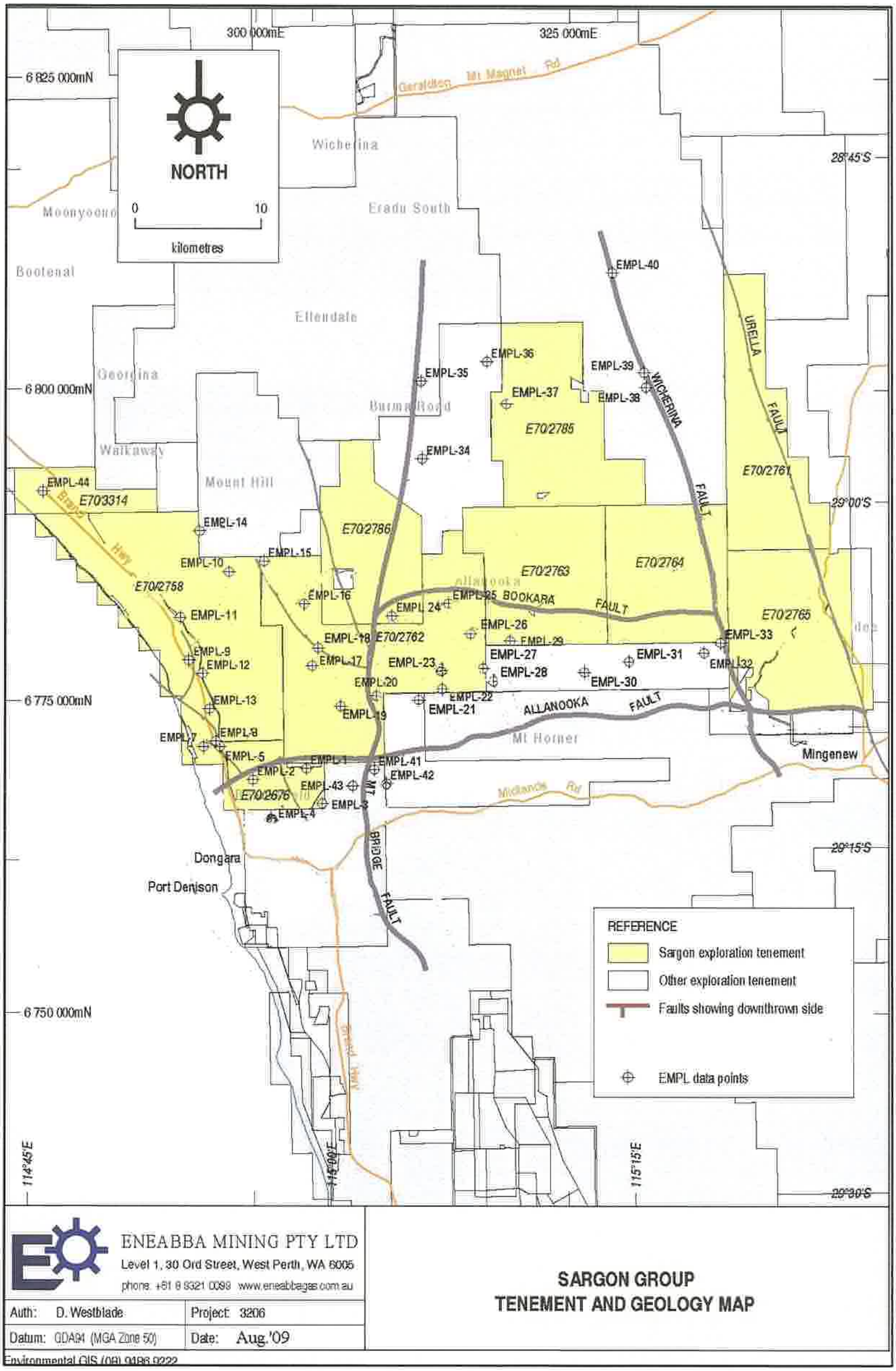
These 3 wells were used as a basis to determine the depth of the Cattamarra Coal measures in the Northern section of the tenements. Each of these 3 wells had coal logged within the geology description section of the well completion report and had depths to the top of the Cattamarra Coal measures of 415m, 251m and 330m respectively.

The coal detail geophysical and geological logs for these wells are considered to be useable only in the matter of providing general descriptions, and not for precise coal seam and stone band thicknesses. However, they do confirm the existence of the major stratigraphic units equivalent to that drilled in E70/2758.

The highest priority coal mineralisation targets are thought to be North of the major Bookara fault where the depths to the top of coal could be considered to be in the range suitable for underground coal gasification (UCG).

It is recommended that further exploration drilling is planned for these most prospective areas and that the new holes are drilled near the old gas wells. If drilling is successful in intersecting reasonable coal seam thicknesses, further drilling can be spaced out around the successful areas.

Figure 1 – Sargon Tenements showing Old Exploration Wells.



BOARD OF DIRECTORS

Reginald N. GILLARD - Chairman and Non Executive Director

After practising as an accountant for over 30 years, during which time he formed and developed a number of service related businesses, Mr Gillard now focuses on corporate management, corporate governance and the evaluation and acquisition of business opportunities. He has developed close working arrangements with a number of substantial Australian and international investment funds and has been responsible for and involved with the funding of several listed public companies. He holds a Bachelor of Arts degree, is a Registered Company Auditor, Justice of the Peace, Fellow of the Certified Practising Accountants of Australia and a Fellow of the Australian Institute of Company Directors.

Mr Gillard is the Chairman of the Corporate Governance Committee, the Nominations and Remuneration Committee and a member of the Audit and Risk Committee.

During the past three years he has also served as a Chairman of the listed companies, Aspen Group Limited *, Perseus Mining Limited *, Caspian Oil & Gas Limited *, Lindian Resources Limited * (appointed 30 October 2006),Tiger Resources Limited * (appointed 9 December 2005), Lafayette Mining Limited (ceased 20 June 2008), Pioneer Nickel Limited (ceased 13 June 2008), Elemental Minerals Limited (appointed 6 June 2006 and ceased 30 June 2008) and Platina Resources * (appointed 1 July 2009).

* denotes current directorship

Mark H. BABIDGE – Chief Executive Officer and Managing Director

In the past ten years Mr Babidge has actively run the corporate administration in the role Chairman, Managing Director, or Director of a number of public and private companies. He has managed utility companies in Australia and overseas, both major management roles have been with organisations whose turnover has exceeded $1 billion per annum. He has held senior executive roles in many industries and undertaken management of medium to large businesses. These have included being the President of the Board of Compania de Telfonos de Chile (Chile Telephone Company) residing in Chile for 3 years, CEO of Bond Chile, and assisting in the management of Mineria San Jose / Mineria El Indio gold and copper mine, CEO's Representative, General Manager Telecom WA and "corporate doctor" mentoring and advising of a number of small business mining related enterprises in Australia.

Mr Babidge has a science background and a Graduate Diploma in Business Administration from the South Australian Institute of Technology (awarded the Prize for Marketing), attended the Advanced Management Programme (SEP-1983) Stanford University California and is a Fellow of the Australian Institute of Management.

Christopher E. BENNETT - Non Executive Director

Mr Bennett was formerly General Manager Finance and Company Secretary of Foodland Associated Limited, an ASX top 100 company. He has held senior executive finance positions in listed public companies for over 20 years. He is a member of the Council of the Curtin University of Technology. Mr Bennett holds a Bachelor of Commerce degree and is a Chartered Accountant.

He is the Chairman of the Audit and Risk Committee and a member of the Corporate Governance Committee.

Peter R. OATES – Non Executive Director

Mr Oates has 24 years of working experience in the electricity industry in Western Australia. His understanding of the electricity industry and, in particular, issues relating to adding new generation capacity to the interconnected grid will greatly assist the Company.

In his previous role at Western Power, he was part of the executive management team and was responsible for finance and administration and later for business development. In those roles he was responsible for supervising the bidding process for the 240MW of additional peaking capacity contracted by Western Power.

Mr Oates holds a Bachelor of Economics, an MBA from the University of Western Australia and he is a Fellow of the Australian Society of Certified Practising Accountants.

Mr Oates is a member of the Audit and Risk Committee, Nominations and Remuneration Committee and the Corporate Governance Committee.

RESPONSES TO ASX CORPORATE GOVERNANCE RECOMMENDATIONS

Adoption of ASX Principles Recommendations

A summary of the main provisions of the Code of Conduct for directors and key executives and the main provisions of the Securities Dealing Policy are available in the corporate governance section of Eneabba Gas Limited's website.

Principle 1: Lay solid foundations for management and oversight

The Company has adopted Principle 1. The Board Charter describes the matters that are the reserve of the Board. Responsibility for other matters is delegated to the CEO / Managing Director. A summary of the Board Charter is available on the Company's website.

The performance of senior executives is evaluated on an on-going basis using a peer reviewing procedure. The Nominations and Remunerations Committee considers adjustments to remuneration of directors', senior executives and employees annually after considering performance evaluations from peers of those concerned.

Principle 2: Structure the Board to add value

The Nominations and Remunerations Committee Charter, which is available on the Company's website, specifies the Committee's composition, responsibilities and member qualifications.

The Board Charter provides that the Board is to be comprised of a majority of non-executive independent directors with a Chairman who is independent and non-executive.

The independence of directors is reviewed annually prior to completion of the Annual Report. Directors are entitled to obtain independent external advice on matters relating to accounting law or other relevant professional matters.

The Board Charter provides that the Board will constantly review and monitor its performance. As part of this process, the Board may seek to appoint persons who, in the opinion of the Board, will provide specialist expertise required for the Board to adequately perform its role. Additionally, the Board will also review its composition and advise Board members where it is felt that a Director's skills are different from those required by the Company.

The procedures for selecting and nominating new candidates for the Board are more fully described in the Corporate Governance Statement and are available on the Company's website.

Principle 3: Promote ethical and responsible decision-making

The Board has adopted a series of policies comprising a Code of Conduct for the Board which all Directors must sign prior to appointment to the Board.

The Code of Conduct addresses expectations for conduct in the following areas;

- Confidential information
- Rights of security holders
- Privacy
- Securities trading
- Conflicts of interest
- Responsibility to suppliers and customers
- Employment policies and procedures

Copies of the main provisions of the Code of Conduct and Security Dealing Guidelines are available on the Company's website.

All Directors, executives and employees are required to comply with that Code.

Failure to comply will result in disciplinary action and may include reprimand, formal warning, demotion or, in extreme cases, termination of employment.

The Company has not adopted the so called "whistle blower" recommendations as this is considered unnecessary at this stage of the Company's operations.

Principle 4: Safeguard integrity in financial reporting

The Board Charter provides for the formation of an Audit and Risk Committee the Charter of which is available on the Company's website.

The Committee reviews annually the Group's relationship with its external auditors including receipt of the audit independence statement on behalf of the Board.

Principle 5: Make timely and balanced disclosure

The Company has adopted policies concerning shareholder communication and continuous disclosure. The policies are designed to promote investor confidence by providing full and timely information to all security holders and market participants about the Group's activities, so as to comply with the requirements of the Corporations Act 2001 and the ASX Listing Rules.

A summary of the continuous disclosure policy and the communications policy are available on the Company's website.

Principle 6: Respect the rights of shareholders

The Company has established a link to the ASX website listing all of the Company's announcements to the market. Shareholders and market participants registering their email addresses with the Company are provided with a copy of each announcement.

The Company's auditors are required to attend the Company's AGM to answer any questions put to them by shareholders.

The Board has adopted a Communications Policy, a summary of which is available on the Companies website

Principle 7: Recognise and manage risk

The Board has adopted a detailed risk management policy a summary of which is available on the Company's website.

It is a policy of companies in the Group to adopt a common sense approach to the management of risk. This approach involves a clear strategy defining the risks that the Company is in a business to take and those that it is not.

The basis of this policy is the obligation and desire to protect:

a) the Company's people and customers;
b) the environment in which the Group operates;
c) the Company's position as a provider of the highest quality services and products.

The Company's policy in respect of these foundations attributes that its physical, financial and human resources will be applied to ensure that the Company's standards of products and services achieve and exceed expectations. To do this the entity must pursue opportunities that involve some degree of risk. Shareholders and stakeholders must expect that optimisation of such rewards are only gained from this degree of risk taking.

The Chief Executive Officer / Managing Director and Company Secretary provide semi annually to the Board in writing a statement to the effect that the financial statements including the accompanying notes:

- are in accordance with the Corporation Act 2001 and the relevant accounting standards; and
- present a true and fair view, in all material respects, of the Group's financial position and performance.

Management reports to the Board at regular intervals as to the effectiveness of the Company's material business risk.

Principle 8: Remunerate fairly and responsibly

The Company has established a Nominations and Remuneration Committee the Charter of which is available on the Company's website. The Committee's Charter includes the following duties:

1. Reviewing the remuneration guidelines for senior management, including base salary, bonuses, share options, salary packaging and final contractual agreements.
2. Reviewing non-executive fees and costs by seeking external benchmarks.
3. Reviewing the Managing Director's remuneration, allowances and incentives and final package in consultation with both independent and external reference.

Equity components of remuneration, including the issue of options, are required to be approved by shareholders prior to award.

DIRECTORS' REPORT

Your Directors present their report on the Company and its controlled entities for the financial year ended 30 June 2009.

Directors

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

R N Gillard	Chairman
M H Babidge	Chief Executive Officer and Managing Director
C E Bennett	Non-executive Director
P R Oates	Non-executive Director

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

Company Secretary

Mr Susmit M Shah has been the Company Secretary of Eneabba Gas Limited throughout the financial year, he resigned on the 21st August 2009. Mr Simon L Robertson was appointed to the role of Company Secretary on the 21st August.

Mr Robertson gained a Bachelor of Business from Curtin University in WA and Master of Applied Finance from Macquarie University in NSW. He is a member of the Institute of Chartered Accountants and the Chartered Secretaries of Australia. Mr Robertson has experience as a Company Secretary and in transactions management. He has also been involved in management of the ASX listing process and several specific asset transfers, general accounting for public companies and preparation of financial statements.

Principal activities

The principal activity of the economic entity during the financial year was progressing towards the commencement of construction of the proposed 168 MW Centauri 1 power station near Dongara, Western Australia.

Operating results and review of operations

The consolidated profit of the economic entity after providing for income tax was $548,336 (2008: a loss of $602,717). A review of operations can be found on pages 6,7,8,9 and 10 "Management & Operations Review 2008-2009"

Future developments

The announcement by Premier Colin Barnett and Prime Minister Kevin Rudd, to jointly pledge some $4.0 billion towards the Oakajee deep-water port and its infrastructure, has given a significant boost to the Mid West Region.

The Company has, at the date of this report, almost completed the drilling programme and Xenith Consulting Pty Ltd, the Company's geological consultant, are progressing towards a report that will give a further report of a resource compliant JORC code is likely to be available mid-late September 2009.

The developments and due diligence in regard UCG operations with the operator are being undertaken and will be soon at a stage where further announcement can be made in that area.

Discussions are continuing with government, iron ore producers, local Shires and landowners to ensure that all arrangements can be 'dove-tailed' so that when the start of construction of the proposed power station begins the timetables required by all concerned can be readily met.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs.

Dividends paid or recommended

No dividend was paid or declared during the year and the directors do not recommend the payment of a dividend.

After balance day events

No matters or circumstances have arisen since the end of the financial year, which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Environmental issues

The operations of the consolidated entity are subject to environmental regulation under the laws of the Commonwealth and the States in which those operations are conducted.

The Directors are not aware of any environmental matters that would have a materially adverse impact on the overall business of the Consolidated Entity. There have been no known breaches of environmental laws or permit conditions while conducting operations during the year.

Risk management

It is a policy of companies in the Eneabba Group to adopt a common sense approach to the management of risk. This approach involves a clear strategy defining the risks that EGL is in a business to take and those that it is not. The basis of this Policy is the obligation and desire to protect:

- EGL's people and customers;
- the environment in which EGL operates;
- EGL's position as a provider of the highest quality services and products.

The Company policy in respect of these foundations attributes that its physical, financial and human resources will be applied to ensure that EGL's standards of products and services achieve and exceed expectations. To do this the entity must pursue opportunities that involve some degree of risk. Shareholders and stakeholders must expect that optimisation of such rewards are only gained from this degree of risk taking.

The application of this policy is the responsibility of the EGL Board via the CEO. The CEO and the leadership team are responsible for implementation of this Policy and report performance and strategic targets that will be conducted routinely depending on the nature of the economic size of the risk and its effect on the business bottom line. This strategy is supported by a detailed management framework to identify and evaluate risk, control, response measures, all to improve / optimise EGL's profile and key performance indicators (KPI's) that apply across the organisation.

The risk management framework will facilitate six monthly reports to be given by management to the Audit and Risk Committee at the same time that half year and annual accounts are being considered. In addition the EGL Board will review this annually as a separate Board Agenda and ensure its continued application and relevance.

The risk management framework also obliges specific Board consideration at annual intervals of reports to be given by management to the Board. Each year annual budgets are submitted by management for Board approval. Monthly results, including comparisons against budget, are submitted to the Board at each meeting.

Guidelines for capital expenditure have been established, including the requirements for Board approval of capital expenditure beyond certain approved limits, detailed submissions from management seeking Board approval of such capital expenditure, due diligence procedures prior to purchases of businesses and regular post capital expenditure reviews.

Management provides written reports to the Board prior to each Board meeting, including Managing Director's report, covering the business of the Group and reports of external transactions likely to have relevance to the Group and contacts with regulatory agencies. The report also contains litigation initiated either for or against the Company. Reports covering mineral exploration activities are also received. The Company also has in place an annual review of its insurance programme.

EGL is committed to the philosophy of effective business risk management as a core management capability required to create growth of long-term shareholder wealth.

Information on directors

The qualifications and experience of Directors are shown on pages 5 and 6 of this Annual Report.

Remuneration report

Remuneration policy for specified directors

The Nomination and Remuneration Committee is responsible for determining and reviewing compensation arrangements for the Chief Executive Officer, the executive team and external directors. The Remuneration Committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum shareholder benefit from the retention of a high quality board and executive team.

To assist in achieving these directives the Nomination and Remuneration Committee has sought shareholder approval to provide compensation to non-executive directors as an incentive to join the board and to executives in the form of share options, which are convertible to shares given the achievement of pre-specified objectives. Details of options provided to directors during the year are shown later in this report.

Remuneration includes amounts payable to director controlled entities for services provided by directors.

Executive Director

With effect from 1 September 2008, the annual base salary and allowances of the executive director was as follows:

	Base Salary	Superannuation	Allowances
	$	$	$
M H Babidge	200,000	18,000	19,200

The executive director is also entitled to 20 days annual leave with 17.5% annual leave loading and an entitlement to long service leave calculated in accordance with the provisions of the relevant legislation. Either the Company or the executive director may elect to terminate the agreed arrangements by the giving of three (3) months notice.

In the case of the Company terminating employment or redundancy, or where the employment is terminated within 4 months following a “change of control” as defined by the Corporations Act 2001 executives nominated will be entitled to receive a redundancy termination payment, which will be not less than 24 months “Base Salary Package” referred to above applying at the time of termination, but not ever being less than the Base Salary Package at any time.

The letters of appointment provide that remuneration will be reviewed each year based on performance and the scope of position responsibilities.

Non-executive directors

At the 2005 Annual General Meeting shareholders approved a pool of $200,000 per annum for non-executive directors’ fees. The Board has subsequently agreed that the Chairman will receive annual remuneration of $65,000 plus superannuation at the statutory guarantee level and allowances of $19,200 per annum and other non-executive directors will receive annual compensation of $55,000 plus superannuation at the statutory guarantee level plus an allowance of $1,200.

In addition non-executive directors providing services to the Company outside the scope of the duties as directors receive fees calculated at $185 per hour.

Directors receive no additional compensation for membership of Board Committees.

Other officers

The Company has paid fees of $52,500 to Corporate Consultants Pty Ltd, a company in which the former Company Secretary Mr S M Shah has a substantial financial interest. The fees were for accounting and secretarial services based on an hourly rate commensurate with the service provided.

Executive options

The Executive options are to provide the Company's Chief Executive Officer and Managing Director, Mr Mark Babidge, with an incentive for future services to the Company. The Executive Options have the following material terms:

a) The Executive Options have an exercise price of 0.001 cents and are exercisable upon the occurrence of specified performance criteria prior to 30 June 2010 namely:
   1) 2.5 million Executive Options vest if the Company's share price on ASX reaches a target of 30 cents and stays at or above that level for a consecutive period of 30 calendar days and a further 5 million Executive Options vest if the share price reaches a target of 50 cents and stays at or above that level for a consecutive period of 30 calendar days; or
   2) 7.5 million Executive Options vest if unconditional approval is received for construction of Centauri 1 power station; or
   3) 7.5 million Executive Options vest upon the completion of sale of the whole of or any part of the Eneabba Group business for a value in excess of $50 million ; or
   4) 7.5 million Executive Options vest if a takeover offer (includes a takeover offer and any offer made pursuant to a takeover announcement to acquire shares in the Company, under Chapter 6 of the Corporations Act or a scheme of arrangement under Part 5.1 of the Corporations Act which is proposed by the Company) is made prior to the Expiry Date and either:
      I. the offeror is at the time of making a takeover offer or takeover announcement then entitled to more than 50% of the voting shares of the Company; or
      II. if sub-clause (i) does not apply, the offeror becomes entitled to more than 50% of the voting shares of the Company .
b) Any Executive Options that have not vested or remain unexercised (in the event of having vested) lapse on the earlier of the holder resigning or retiring as an employee of the Company or 30 June 2010. The Directors have discretion to vary this in the event the resignation or retirement is due to death or permanent disability.
c) The Executive Options are non-transferable except in certain circumstances.

Mr Babidge is a full time executive of the Company. The purpose of the Executive Option Issue is to provide him with an incentive for future services to the Company. The issue of incentive securities as part of the remuneration packages of senior executives is an established practice of public listed companies and, in the case of the Company, has the benefit of conserving cash whilst properly rewarding its most senior executive officer.

Nominations and Remuneration Committee

The Nominations and Remuneration Committee Charter includes responsibility for providing to the Board recommendations concerning the quantum and form of remuneration for directors and senior executives.

When reviewing remuneration the Committee will take into account company and executive performance, the scope of responsibilities, comparable information from other listed companies of similar size and scope and, where appropriate, independent advice from third parties.

Directors' remuneration

The remuneration for each director of the economic entity during the financial year was as follows:

2009	Base Salary and Fees	Bonus	Special Fees	Allowances	Super-annuation	Non-Cash Options Value	Total
	$	$	$	$	$	$	$
Executive director:							
Mr M H Babidge	200,758	50,000	-	18,625	22,350	253,500	545,233
Total	200,758	50,000	-	18,625	22,350	253,500	545,233
Non-executive directors:							
Mr C E Bennett	52,500	-	-	1,125	4,725	-	58,350
Mr R N Gillard	62,500	-	-	18,625	5,625	-	86,750
Mr P R Oates	52,500	-	9,384	1,125	4,725	-	67,734
Total	167,500		9,384	20,875	15,075	-	212,834
Total	368,258	50,000	9,384	39,500	37,425	253,500	758,067

No part of this remuneration was performance based except for Mr Babidge.

Share based remuneration

2009	Granted No	Options Granted as part of Remuneration $	Total Remuneration Represented by Options %	Total No
Executive director:				
Mr M H Babidge	7,500,000	253,500	46.49%	7,500,000
Total	7,500,000	253,500	46.49%	7,500,000

The value of equity compensation has been determined using the Black and Scholes option valuation model to assess an approximate intrinsic value of options issued to directors during the relevant years.

Shareholdings

The numbers of shares in the Company held during the financial year by directors, including shares held by entities they control, are set out below:

	Balance at 1 July 2008	Received as Remuneration	Options Exercised	Other Movements	Balance at 30 June 2009
Parent entity directors					
M H Babidge	5,000,001	-	-	-	5,000,001
C E Bennett	200,000	-	-	-	200,000
R N Gillard	2,600,000	-	-	-	2,600,000
P R Oates *	50,000	-	-	75,000	125,000

* Note: Mr Oates purchased via an on-market transaction, seventy five thousand (75,000) shares during the period.

Option holdings

The number of listed and unlisted options in the Company held during the financial year by directors, including shares held by entities they control, are set out below.

	Balance at 1 July 2008	Received as Remuneration	Options Exercised	Other Movements	Balance at 30 June 2009	Vested and exercisable at year end
Parent entity directors						
M H Babidge	3,750,000	7,500,000	-	(2,749,999)	8,500,001	1,000,001
C E Bennett	3,100,000	-	-	(3,060,000)	-	40,000
R N Gillard	5,300,000	-	-	(4,780,000)	-	520,000
P R Oates	500,000	-	-	(490,000)	-	10,000

Meetings of directors

During the financial year, 14 meetings of directors were held, with the following attendances:

	Scheduled Board Meetings		Special Board Meetings	
Director	**Meetings Eligible to Attend**	**Meetings Attended**	**Meetings Eligible to Attend**	**Meetings Attended**
M H Babidge	12	12	2	2
C E Bennett	12	11	2	2
R N Gillard	12	11	2	2
P R Oates	12	12	2	2

	Audit Committee Meetings		Nominations and Remuneration Committee Meetings		Corporate Governance Committee Meetings	
Director	**Meetings Eligible to Attend**	**Meetings Attended**	**Meetings Eligible to Attend**	**Meetings Attended**	**Meetings Eligible to Attend**	**Meetings Attended**
M H Babidge	-	-	-	-	1	1
C E Bennett	2	2	-	-	1	1
R N Gillard	2	1	2	2	1	1
P R Oates	2	2	2	2	1	1

Indemnifying officers and auditors

No indemnities have been given or agreed to be given during or since the end of the financial year, to any person who is or has been an officer or auditor of any company in the Group.

The parent entity has paid premiums with respect to a contract insuring the directors and officers of the Group against liabilities incurred while acting as directors and officers. The insurance contract prohibits the disclosure of the amount of premium paid in respect of the contract. No part of the premium has been included in directors' emoluments.

Shares under option

For details of options issued during the year, see note 14 (ii) in the financial statements.

There are 16,361,218 unissued ordinary shares for which options are outstanding at the date of this report.

Description	Number
25 cent unlisted options expiring 7 March 2011	1,450,000
15 cent listed options expiring 30 June 2010	14,911,218
Total	16,361,218

In addition to the options referred to above, there are a maximum of 16,100,249 options with a strike price of 20 cents each expiring on 30 June 2012, to be allotted as per the supplementary prospectus dated 6 August 2009. Listing of these options on the Australian Stock Exchange is to occur on or about the 8 September 2009.

No person entitled to exercise an option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

Shares issued on the exercise of options

During the financial year and up to the date of this Report, the Company issued a total of 114,006 fully paid ordinary shares comprising 3,204 fully paid ordinary shares at an issue price of $0.15 and 111,002 fully paid ordinary shares at an issue price of $0.30 upon the exercise of options.

Executive shares and options

Directors' interests in shares in the Company at the date of this report

	Total
M H Babidge	5,000,001
C E Bennett	200,000
R N Gillard	2,600,000
P R Oates	125,000

Directors' interests in options over shares in the Company at the date of this report

	Total
M H Babidge	1,000,001
C E Bennett	40,000
R N Gillard	520,000
P R Oates	10,000

Non-audit services

The Board of Directors, in accordance with advice from the Audit and Risk Committee is satisfied that the provision of non-audit services by the entity's auditor, PKF, during the year is compatible with the general standard of independence of auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of those non-audit services disclosed below did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor;

- The nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement APES110: Professional Independence.

During the year, the following fees were paid or payable to PKF and its related practices for the provision of non audit services:

	$
Taxation services	19,295

Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2009 has been received and can be found on the next page.

Signed in accordance with a resolution of the Board of Directors.

R N Gillard
Chairman
24 August 2009

M H Babidge
Director
24 August 2009

Chartered Accountants
& Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of Eneabba Gas Limited for the year ended 30 June 2009 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 audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Eneabba Gas Limited and the entities it controlled during the year.

PKF

PKF
Chartered Accountants

Chris Nicoloff

Chris Nicoloff
Partner

Dated at Perth, Western Australia this 24th day of August 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

Income Statements
for the year ended 30 June 2009

		Consolidated		Parent	
		2009	2008	**2009**	2008
	Notes	**$**	$	**$**	$
Revenue from continuing operations					
Finance revenue		**231,571**	160,833	**231,568**	160,816
Sale of gas		**3,710,000**	1,700,000	**-**	-
Other income		**8,812**	3,916	**2,500**	-
Inter-company income		**-**	-	**1,011,151**	1,177,651
Total revenue from continuing operations		**3,950,383**	1,864,749	**1,245,219**	1,338,467
Expenses					
Cost of gas sold		**(1,490,536)**	(1,104,933)	**-**	-
Feasibility study costs		**(90,078)**	(212,434)	**-**	-
Employee benefits		**(1,031,511)**	(643,579)	**(1,031,511)**	(643,579)
Amortisation and depreciation		**(16,304)**	(19,658)	**(10,518)**	(14,169)
Other expenses		**(722,539)**	(486,862)	**(550,243)**	(362,060)
Total expenses from continuing operations		**(3,350,968)**	(2,467,466)	**(1,592,272)**	(1,019,808)
Profit (loss) from continuing operations before income tax	3	**599,415**	(602,717)	**(347,053)**	318,659
Income tax	4	**-**	-	**-**	-
Profit (loss) from continuing operations after tax		**599,415**	(602,717)	**(347,053)**	318,659
Discontinued operations Profit (loss) from discontinued operations after income tax	26	**(51,079)**	-	**-**	-
Profit (loss) attributable to members of Eneabba Gas Limited		**548,336**	(602,717)	**(347,053)**	318,659

	Cents	Cents
Basic earnings (loss) per share	**0.74**	(0.81)
Diluted earnings (loss) per share	**0.61**	(0.81)

The above income statements should be read in conjunction with the attached notes.

Balance Sheets
as at 30 June 2009

		Consolidated		Parent	
		2009	2008	**2009**	2008
	Notes	**$**	$	**$**	$
ASSETS					
Current assets					
Cash and cash equivalents	5	**4,746,382**	2,854,752	**4,745,576**	2,854,073
Receivables		**21,146**	-	**11,019**	-
Prepayments		**18,336**	6,939	**18,336**	6,939
Assets held for sale	26	**1,820,140**	-	**-**	-
Total current assets		**6,606,004**	2,861,691	**4,774,931**	2,861,012
Non-current assets					
Deposits	6	**25,000**	25,000	**25,000**	25,000
Inventories	7	**-**	1,464,036	**-**	-
Receivables	8	**-**	-	**5,179,793**	6,874,140
Other financial assets	9	**-**	-	**400**	400
Property, plant and equipment	10	**1,721,761**	1,631,724	**32,044**	31,056
Exploration and evaluation assets	11	**-**	1,108,203	-	-
Prepayments		**125,000**	125,000	-	-
Total non-current assets		**1,871,761**	4,353,963	**5,237,237**	6,930,596
Total assets		**8,477,765**	7,215,654	**10,012,168**	9,791,608
LIABILITIES					
Current liabilities					
Payables		**77,321**	34,177	**70,089**	33,919
Unearned revenue – lease income	12	**517**	517	**-**	-
Provisions	13	**58,216**	44,184	**58,216**	44,184
Liabilities associated with assets held for sale	26	**139,188**	-	**-**	-
Total current liabilities		**275,242**	78,878	**128,305**	78,103
Total liabilities		**275,242**	78,878	**128,305**	78,103
Net assets		**8,202,523**	7,136,776	**9,883,863**	9,713,505
EQUITY					
Contributed equity	14	**10,255,109**	10,221,327	**10,255,109**	10,221,327
Option reserve	15	**629,029**	145,400	**629,029**	145,400
Accumulated losses	16	**(2,681,615)**	(3,229,951)	**(1,000,275)**	(653,222)
Total equity		**8,202,523**	7,136,776	**9,883,863**	9,713,505

The above balance sheets should be read in conjunction with the attached notes

Statements of Changes in Equity
for the year ended 30 June 2009

	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Consolidated				
Shareholders' equity at 30 June 2007	10,221,326	214,400	(2,627,234)	7,808,492
Option reserve	-	(69,000)	-	(69,000)
Gross proceeds from the exercise of options	1	-	-	1
Less costs of issue	-	-	-	-
Profit (loss) for the year	-	-	(602,717)	(602,717)
Shareholders' equity at 30 June 2008	10,221,327	145,400	(3,229,951)	7,136,776
Option reserve	-	358,000	-	358,000
Gross proceeds from issue of options	-	149,144	-	149,144
Less costs of option issue	-	(23,515)	-	(23,515)
Gross proceeds from exercise of options	33,782	-	-	33,782
Less costs of share issue	-	-	-	-
Profit (loss) for the year	-	-	548,336	548,336
Shareholders' equity at 30 June 2009	10,255,109	629,029	(2,681,615)	8,202,523
Parent				
Shareholders' equity at 30 June 2007	10,221,326	214,400	(971,881)	9,463,845
Option reserve	-	(69,000)	-	(69,000)
Gross proceeds from exercise of options	1	-	-	1
Less costs of issue	-	-	-	-
Profit (loss) for the year	-	-	318,659	318,659
Shareholders' equity at 30 June 2008	10,221,327	145,400	(653,222)	9,713,505
Option reserve	-	358,000	-	358,000
Gross proceeds from issue of options	-	149,144	-	149,144
Less costs of option issue	-	(23,515)	-	(23,515)
Gross proceeds from exercise of options	33,782	-	-	33,782
Less costs of share issue	-	-	-	-
Profit (loss) for the year	-	-	(347,053)	(347,053)
Shareholders' equity at 30 June 2009	10,255,109	629,029	(1,000,275)	9,883,863

The above statements of changes in equity should be read in conjunction with the attached notes.

Cash Flow Statements
for the year ended 30 June 2009

		Consolidated		Parent	
		2009	2008	**2009**	2008
	Notes	**$**	$	**$**	$
Cash flows from operating activities					
Payments to suppliers and employees inclusive of GST		**(1,368,596)**	(1,196,126)	**(1,197,805)**	(1,096,992)
Interest received		**231,570**	160,834	**231,568**	160,816
Other income		**8,812**	3,100	**2,500**	-
Net cash flows from (used in) operating activities	25	**(1,128,214)**	(1,032,192)	**(963,737)**	(936,176)
Cash flows from investing activities					
Proceeds from return of deposits		**-**	125,000	**-**	25,000
Proceeds from sale of inventory		**3,710,000**	1,700,000	**-**	-
Payments for property, plant and equipment		**(120,132)**	(15,288)	**(12,857)**	(958)
Payments for exploration and evaluation activities		**(725,623)**	(446,244)	**-**	-
Repayments of loans to controlled entities		**-**	-	**4,138,298**	2,010,046
Loans to controlled entities		**-**	-	**(1,432,800)**	(750,017)
Net cash flows from (used in) investing activities		**2,864,245**	1,363,468	**2,692,641**	1,284,071
Cash flows from financing activities					
Gross proceeds from exercise of options		**33,782**	1	**33,782**	1
Proceeds from issue of options		**149,144**	-	**149,144**	-
Option issue costs		**(20,327)**	-	**(20,327)**	-
Net cash flows from financing activities		**162,599**	1	**162,599**	1
Net increase (decrease) in cash for the year		**1,898,630**	331,277	**1,891,503**	347,896
Cash at the beginning of the year		**2,854,752**	2,523,475	**2,854,073**	2,506,177
Cash at the end of the year	5	**4,753,382**	2,854,752	**4,745,576**	2,854,073

The above cash flow statements should be read in conjunction with the attached notes.

Note 1 - Summary of Significant Accounting Policies

a) Basis of preparation

The financial report complies with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, the Corporations Act 2001 and International Financial Reporting Standards (IFRS).

The financial statements are prepared on an accruals basis and are based on historical cost and do not take into account changing money values except where stated.

b) New Accounting Standards and Interpretations

New accounting standards and interpretation have been published which are not mandatory for the 30 June 2009 financial year. Any options for early adoption have not been applied in the preparation of this financial report. The following amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application:

AASB 101: Presentation of Financial Statements (Revised September 2007), AASB 2007-8 Amendments to Australian Accounting Standards & Interpretations and AASB 2007-10 Further Amendments to AASBs arising from AASB 101.

The revised standard affects the presentation of changes in equity and comprehensive income. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other AASB standards. This standard will be adopted in the 30 June 2010 financial year.
There have also been amendments to various other accounting standards and interpretations which are deemed to have an immaterial effect on the financial statements of the group. These include:

AASB 2008-1: Amendments to AASB 2 clarifying that vesting conditions are restricted to: service and performance conditions only. Effective periods beginning on or after 1 January 2009.

AASB 2008-3: Amendments to AASB 3 and AASB 127. Will only affect the group in the event of future business combinations effective on or after 1 July 2009.

c) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous year.

d) Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

e) Basis of consolidation

The consolidated financial statements comprise the financial statements of Eneabba Gas Limited and its subsidiaries as at 30 June each year (‘the Group’).

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which Eneabba Gas has control.

f) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

Plant and equipment:

Plant and equipment is measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows are not discounted to present values in determining the recoverable amount.

Depreciation:

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated on a reducing balance basis over their estimated useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Depreciation rates applied are: Furniture and fittings 7.5% to 37.5%.

g) Cash and cash equivalents

Cash on hand, at banks and in short-term deposits is stated at the lower of cost and net realisable value.

For the purposes of the Cash Flow Statements, cash includes deposits at call with financial institutions and other highly liquid investments with maturity within less than three months which are readily convertible to cash on hand and cash at bank.

h) Discontinued operations

Non-current assets and disposal groups are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction. They are not depreciated or amortised. For an asset or disposal group to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the income statement and the assets and liabilities are presented separately on the face of the balance sheet.

i) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. All revenue is stated net of the amount of goods and services tax (GST).

Sale of gas

Revenue from the sale of gas is in regard to a one-off, off-market commercial sale of gas to a singular customer. The Company is not a gas trader.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred, when delivery has been made and title passed, when the amount of the revenue and the related costs can be reliably measured.

j) Income tax

The Company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any permanent differences. However, the Group has not recognised future income tax benefits pending the commencement of commercial operations. To the extent they are offset by unrecognised future income tax benefits, as to the timing and amount, deferred tax liabilities are not recorded.

k) Recoverable amount of non-current assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

l) Inventories

Inventories comprise supplies of gas not for resale held in storage by a third party for the purpose of the commissioning the proposed Centauri 1 Power Station and are valued at the lower of cost and net realisable value. Costs include transport.

m) Exploration expenditure

Provided the right to tenure is held exploration expenditure for each area of interest is carried forward as an asset provided that one of the following conditions is met:

- Such costs are expected to be recouped through successful development and exploration of the area of interest or, alternatively, by its sale; or
- Exploration activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of recoverable reserves, and active and significant operations in relation to the area are continuing.

Exploration expenditure which fails to meet at least one of the conditions outlined above is written off.

Evaluation expenditure of each area of interest is carried forward, but only to the extent to which recoupment out of revenue to be derived from the relevant area of interest, or from the sale of the area of interest, is reasonably assured.

n) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

o) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share are calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

p) Share based payments

The Group provides to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by a binomial model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see note 23).

Note 2 - Segment Reporting

The economic entity conducts operations in two primary segments, electricity generation and mineral exploration, and one geographic segment, Australia. At the date of this report electricity generation operations are still subject to the outcome of feasibility studies.

2009	Electricity Generation $	Mineral Exploration $	Unallocated $	Consolidated $
Segment income				
Sale of gas	3,710,000	-	-	3,710,000
Interest received	-	-	231,571	231,571
Other income	-	-	8,812	8,812
Total income	3,710,000	-	240,383	3,950,383
Segment expenses				
Cost of gas sold	(1,490,536)	-	-	(1,490,536)
Feasibility study costs	(90,078)	-	-	(90,078)
Net other costs	-		(1,805,091)	(1,805,091)
Profit (loss) before amortisation and depreciation	2,129,386	-	(1,564,708)	564,678
Amortisation and depreciation	(5,786)	-	(10,556)	(16,342)
Profit (loss) before income tax benefits	2,123,600	-	(1,575,264)	548,336
Segment assets and liabilities				
Gas inventory assets	-	-	-	-
Other assets	1,689,716	1,810,778	4,977,271	8,477,765
Liabilities	(7,232)	(139,187)	(128,823)	(275,242)
Net assets	1,682,484	1,671,591	4,848,448	8,202,523
Segment cashflows				
Operating	-	-	(1,128,214)	(1,128,214)
Investing	(191,610)	(641,288)	3,697,143	2,864,245
Financing	-	-	162,599	162,599
Net cash movement	(191,610)	(641,288)	2,731,528	1,898,630

Note 2 - Segment Reporting (continued)

2008	Electricity Generation $	Mineral Exploration $	Unallocated $	Consolidated $
Segment income				
Sale of gas	1,700,000	-	-	1,700,000
Interest received	18	-	160,815	160,833
Other income	-	-	3,916	3,916
Total income	1,700,018	-	164,731	1,864,749
Segment expenses				
Cost of gas sold	(1,104,933)	-	-	(1,104,933)
Feasibility study costs	(212,434)	-	-	(212,434)
Net other costs	-	-	(1,130,441)	(1,130,441)
Profit (loss) before amortisation and depreciation	382,651	-	(965,710)	(583,059)
Amortisation and depreciation	(5,489)	-	(14,169)	(19,658)
Profit (loss) before income tax benefits	377,162	-	(979,879)	(602,717)
Segment assets and liabilities				
Gas inventory assets	1,464,036	-	-	1,464,036
Other assets	1,725,667	1,108,203	2,917,748	5,751,618
Liabilities	(280)	-	(78,598)	(78,878)
Net assets	3,189,423	1,108,203	2,839,150	7,136,776
Segment cashflows				
Operating	-	-	(1,032,192)	(1,032,192)
Investing	(291,098)	(55,146)	1,709,712	1,363,468
Financing	-	-	1	1
Net cash movement	(291,098)	(55,146)	677,521	331,277

Note 3 – Profit (Loss) Before Income Tax

	Consolidated		Parent	
	2009	2008	**2009**	2008
	$	$	$	$
Profit (loss) before income tax is after crediting (charging) the following items				
Finance revenue – banks	**231,571**	160,816	**231,568**	160,833
Sale of gas	**3,710,000**	1,700,000	**-**	-
Cost of gas sold	**(1,490,536)**	(1,104,933)	**-**	-
Lease revenue – pastoral	**3,100**	3,916	**-**	-
Depreciation of plant and equipment	**(16,342)**	(14,169)	**(10,518)**	(19,658)
Legal costs	**(81,010)**	(100,284)	**(10,061)**	(15,097)
Feasibility study asset costs written off	**(90,078)**	(212,434)	**-**	-

	Consolidated		Parent	
	2009	2008	**2009**	2008
	$	$	$	$

Note 3(a) – Employee benefits

Wages and salaries	**(679,729)**	(726,765)	**(679,729)**	(726,765)
Employee entitlements:				
Provision for employee entitlements	**(14,032)**	14,186	**(14,032)**	14,186
Share based payments - executive options	**(253,500)**	(36,500)	**(253,500)**	(36,500)
Share based payments - executive options not vesting	**-**	120,000	**-**	120,000
Share based payments - employee options	**(84,250)**	(14,500)	**(84,250)**	(14,500)
Total employee benefits	**(1,031,511)**	(643,579)	**(1,031,511)**	(643,579)

	Consolidated		Parent	
	2009	2008	**2009**	2008
	$	$	**$**	$

Note 4 – Income Tax

Major components of income tax expense for the years ended 30 June 2009 and 2008 are:

Income statement				
Current income				
Current income tax charge	**-**	**-**	**-**	**-**
Adjustments in respect of previous current income tax	**-**	**-**	**-**	**-**
Deferred income tax				
Relating to origination and reversal of temporary differences	**-**	**-**	**-**	**-**
Benefit from previously unrecognised tax loss used to reduce deferred tax expense	**-**	**-**	**-**	**-**
Income tax expense (benefit) reported in income statement	**-**	**-**	**-**	**-**

A reconciliation of income tax expense (benefit) applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate for the years ended 30 June 2009 and 2008 is as follows:

	Consolidated		Parent	
	2009	2008	**2009**	2008
	$	$	**$**	$
Accounting profit (loss) before tax from continuing operations	**548,338**	(602,717)	**(347,053)**	318,659
Loss before tax from discontinued operations		-	**-**	-
Accounting profit (loss) before income tax	**548,338**	(602,717)	**(347,053)**	318,659
Tax at the statutory rate of 30% (2007: 30%):	**164,501**	(180,814)	**(104,116)**	95,596
Non-deductible expenses	**351,760**	27,665	**110,932**	-
Tax loss and temporary differences not brought to account as deferred tax assets	**-**	262,863	**-**	237,449
Less:				
Non-assessable income	**-**	-	**-**	(333,045)
Tax losses utilized which were not previously brought to account as a deferred tax asset	**(516,261)**	(109,714)	**(6,816)**	-
Tax at the effective rate of 0% (Parent 0%)(2007: 0%, Parent 0%)	**-**	-	**-**	-
Income tax expense reported in income statement	**-**	-	**-**	-

Note 4 – Income Tax (continued)

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	CONSOLIDATED					
	Assets		Liabilities		Net	
	2009 $	2008 $	**2009 $**	2008 $	**2009 $**	2008 $
Exploration and evaluation assets	**-**	-	**-**	364,653	**-**	364,653
Accruals	**(6,308)**	-	**-**	-	**(6,308)**	-
Employee entitlements	**(17,465)**	-	**-**	-	**(17,465)**	-
Unearned income	**-**	-	**-**	-	**-**	-
Capital raising	**(45,847)**	-	**-**	-	**(45,465)**	-
Exploration costs	**-**	-	**543,233**	-	**543,233**	-
Tax losses	**(473,613)**	(364,653)	**-**	-	**473,613**	(364,653)
Tax (assets) liabilities	**(543,233)**	(364,653)	**543,233**	364,653	**-**	-
Set off of tax	**543,233**	364,653	**(543,233)**	(364,653)	**-**	-
Net tax (assets) liabilities	**-**	-	**-**	-	**-**	-

Movements in temporary differences during the year

	Balance 1 July 2008	**Recognised in Income**	**Recognised in Equity**	**Balance 30 June 2009**
Exploration and evaluation assets	**-**	**543,233**	**-**	**543,233**
Accruals	**-**	**(6,308)**	**-**	**(6,308)**
Employee entitlements	**-**	**(17,465)**	**-**	**(17,465)**
Unearned income	**-**	**-**	**-**	**-**
Capital raising	**-**	**(45,847)**	**-**	**(45,847)**
Tax losses	**-**	**(473,613)**	**-**	**(473,613)**
	-	**-**	**-**	**-**

Movements in temporary differences during the year

	Balance 1 July 2007	Recognised in Income	Recognised in Equity	Balance 30 June 2008
Exploration and evaluation assets	347,543	17,110	-	364,653
Accruals	(7,688)	7,688	-	-
Employee entitlements	(17,511)	17,511	-	-
Unearned income	(400)	400	-	-
Capital raising	(1,066)	1,066	-	-
Tax losses	(320,878)	(43,775)	-	(364,653)
	-	-	-	-

Note 4 – Income Tax (continued)

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	PARENT					
	Assets		**Liabilities**		**Net**	
	2009 $	2008 $	**2009 $**	2008 $	**2009 $**	2008 $
Accruals	**(6,308)**	-	-	-	**(6,308)**	-
Employee entitlements	**(17,465)**	-	-	-	**(17,465)**	-
Capital raising	**(44,369)**	-	-	-	**(44,369)**	-
Prov. Non-recovery	-	-	-	-	-	-
Exploration costs	-	-	-	-	-	-
Tax losses	-	-	-	-	-	-
Tax (assets) liabilities	**(68,141)**	-	-	-	**(68,141)**	-
Set off of tax	**68,141**	-	-	-	**68,141**	-
Net tax (assets) liabilities	-	-	-	-	-	-

Movements in temporary differences during the year

	Balance 1 July 2007	Recognised in Income	Recognised in Equity	Balance 30 June 2008
Exploration and evaluation assets	-	-	-	-
Tax losses	-	-	-	-
	-	-	-	-

Movements in temporary differences during the year

	Balance 1 July 2008	Recognised in Income	Recognised in Equity	Balance 30 June 2009
Exploration and evaluation assets	-	-	-	-
Tax losses	-	-	-	-
	-	-	-	-

Unrecognised deferred tax assets
Deferred tax assets have not been recognised in respect of the following items

	CONSOLIDATED		PARENT	
	2009 $	2008 $	**2009 $**	2008 $
Accruals	-	8,756	-	8,601
Capital raising costs	-	86,593	-	84,238
Employee entitlements	-	13,255	-	13,255
Tax losses	**364,293**	968,241	**180,346**	497,725
	364,293	1,076,845	**180,346**	603,819

The tax losses do not expire under current tax legislation and have been disclosed on a tax effected basis.

Deferred tax assets have not been recognised in respect of these items because, pending commercial operations, it is not yet probable that future taxable profit will be available against which the Company can utilise these benefits.

Tax Consolidation

Eneabba Gas Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the Tax Consolidation Regime Each entity in the group recognises its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The group notified the Australian Taxation Office (ATO) that it had formed an income tax consolidated group to apply from 1 July 2007 and this was confirmed by the ATO on the 19 June 2009.

Note 5 - Cash and Cash Equivalents

	Consolidated		Parent	
	2009	2008	**2009**	2008
	$	$	$	$
Reconciliation to Balance Sheets				
Term deposit	**4,350,000**	2,100,000	**4,350,000**	2,100,000
Cash at bank	**396,182**	754,552	**395,376**	753,873
Cash on hand	**200**	200	**200**	200
Total cash and cash equivalents	**4,746,382**	2,854,752	**4,745,576**	2,854,073
Reconciliation to Cash Flow Statements				
Term deposit	**4,350,000**	2,100,000	**4,350,000**	2,100,000
Cash at bank	**396,182**	754,552	**395,376**	753,873
Cash on hand	**200**	200	**200**	200
Cash at bank attributable to discontinued operations	**7,000**	-	**-**	-
Total cash and cash equivalents	**4,753,382**	2,854,752	**4,745,576**	2,854,073

Cash on hand, at banks and in short-term deposits is stated at the lower of cost and net realisable value.

For the purposes of the Cash Flow Statements, cash includes deposits at call with financial institutions and other highly liquid investments with maturity within less than three months which are readily convertible to cash on hand and cash at bank.

Note 6 - Deposits

An amount of $25,000 is held as a deposit as collateral for the provision of credit card facilities used by employees of the consolidated entity in the course of their employment. This amount is not included in note 5, Cash and cash equivalents.

Note 7 - Inventories

	Consolidated		Parent	
	2009	2008	**2009**	2008
	$	$	$	$
Inventories	**-**	1,464,036	**-**	-

Inventories comprise supplies of gas not for resale held in storage by a third party for the purpose of the commissioning the proposed Centauri 1 Power Station and are valued at the lower of cost and net realisable value. Costs include transport.

Note 8 - Receivables

	Consolidated		Parent	
	2009	2008	**2009**	2008
	$	$	$	$
Loans to controlled entities	-	-	**5,179,793**	6,874,140

Note 9 - Other Financial Assets

Shares in controlled entities – unlisted at cost	**-**	-	**400**	400

Note 10 - Property, Plant and Equipment

	Consolidated		Parent	
	2009	2008	**2009**	2008
	$	$	$	$
Freehold land at cost	**1,547,572**	1,569,563	**-**	-
Fencing and fire mitigation at cost	**142,145**	31,105	**-**	-
Furniture and fittings at cost	**32,044**	31,056	**32,044**	31,056
Total	**1,721,761**	1,631,724	**32,044**	31,056

(a) Reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment are as follows:

	Consolidated 2009	Consolidated 2008	Parent 2009	Parent 2008
Freehold land				
Carrying amount at beginning of year	**1,569,563**	1,564,910	**-**	-
Additions	**-**	4,653	**-**	-
Transfer of fencing costs to fencing and fire mitigation	**(11,951)**	-	**-**	-
Disposals	**(10,040)**	-	**-**	-
Carrying amount at end of year	**1,547,572**	1,569,563	**-**	-
Fencing and fire mitigation				
Carrying amount at beginning of year	**31,105**	36,594	**-**	-
Additions	**110,729**	-	**-**	-
Transfer of fencing costs from Freehold land	**11,951**	-	**-**	-
Depreciation expense	**(11,640)**	(5,489)	**-**	-
Carrying amount at end of year	**142,145**	31,105	**-**	-
Furniture and fittings				
Carrying amount at beginning of year	**31,056**	44,267	**31,056**	44,267
Additions	**12,857**	958	**12,857**	958
Disposals	**(1,351)**	-	**(1,351)**	-
Depreciation expense	**(10,518)**	(14,169)	**(10,518)**	(14,169)
Carrying amount at end of year	**32,044**	31,056	**32,044**	31,056

Note 11 - Exploration and Evaluation Assets

	Consolidated		Parent	
	2009	2008	**2009**	2008
	$	$	$	$
Exploration and evaluation expenditure at cost	**-**	1,108,203	**-**	**-**
Total	**-**	1,108,203	**-**	**-**

11(a) Reconciliations

Exploration and evaluation expenditure				
Carrying amount at beginning of year	**1,108,203**	1,165,682	**-**	-
Additions	**823,037**	-	**-**	-
Impairment	**(120,462)**	(57,479)	**-**	-
Amortisation	**-**	-	**-**	-
Transfer to assets held for sale	**(1,810,778)**	-	**-**	-
Carrying amount at end of year	**-**	1,108,203	**-**	-

Note 12 - Unearned Revenue

	Consolidated		Parent	
	2009	2008	**2009**	2008
	$	$	$	$
Lease income	**517**	517	**-**	-

Note 13 - Provisions

Provision for employee entitlements	**58,216**	44,184	**58,216**	44,184

(a) Reconciliations

Provision for employee entitlements				
Carrying amount at beginning of year	**44,184**	58,370	**44,184**	58,370
Additions	**45,825**	8,466	**45,825**	8,466
Reductions	**(31,793)**	(22,652)	**(31,793)**	(22,652)
Carrying amount at end of year	**58,216**	44,184	**58,216**	44,184

Note 14 - Contributed Equity

	Parent		Parent	
	2009	**2009**	2008	2008
	No.	**$**	No.	$
(i) Issued capital				
Ordinary shares each fully paid				
Balance at beginning of year	**74,576,007**	**10,221,327**	74,576,003	10,221,326
Shares issued during the year				
- Private placement	**-**	**-**	-	-
- Share cancellation	**-**	**-**	-	-
- Share issue	**114,206**	**33,782**	4	1
- transaction costs of equity raising	**-**	**-**	-	-
Balance at end of year	**74,690,213**	**10,255,109**	74,576,007	10,221,327

Effective 1 July 1998, the Corporations Legislation abolished the concepts of authorised capital and par value shares. Accordingly the Company does not have authorised capital nor par value in respect of its issued capital.

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	Strike price	**2009**	2008
	$	**No.**	No.
(ii) Share options			
Options on issue at start of year	0.30	**50,087,996**	56,138,000
Options issued during the year			
Date of issue			
7 March 2008	0.25	**-**	1,450,000
01 July 2008	0.00001	**7,500,000**	-
27 October 2008	0.15	**14,914,422**	-
30 June 2009	0.20	**1,000,000**	-
Options expired or cancelled during the year			
Date of expiry or cancellation			
9 November 2007	0.00001	**-**	(2,500,000)
30 June 2008	0.00001	**-**	(5,000,000)
30 June 2009	0.30	**(48,526,994)**	-
Options exercised during the year			
Date of exercise			
30 June 2008	0.30	**-**	(4)
19 November 2008	0.15	**(3,200)**	-
9 June 2009	0.15	**(4)**	-
9 June 2009	0.30	**(4,002)**	-
16 June 2009	0.30	**(4,000)**	-
17 June 2009	0.30	**(8,000)**	-
18 June 2009	0.30	**(38,000)**	-
23 June 2009	0.30	**(20,000)**	-
25 June 2009	0.30	**(4,000)**	-
26 June 2009	0.30	**(13,000)**	-
29 June 2009	0.30	**(10,000)**	-
30 June 2009	0.30	**(10,000)**	-
Options on issue at end of year		**24,861,218**	50,087,996

Note 15 - Option Reserve

	Consolidated		Parent	
	2009	2008	**2009**	2008
	$	$	$	$
Balance at start of year	**145,400**	214,400	**145,400**	214,400
Additions	**507,144**	51,000	**507,144**	51,000
Reductions	**(23,515)**	(120,000)	**(23,515)**	(120,000)
Balance at end of year	**629,029**	145,400	**629,029**	145,400

The option reserve records the cost of share based payments.

Note 16 - Accumulated Losses

Balance at start of year	**(3,229,951)**	(2,627,234)	**(653,222)**	(971,881)
Profit (loss) from operations	**548,336**	(602,717)	**(347,053)**	318,659
Balance at end of year	**(2,681,615)**	(3,229,951)	**(1,000,275)**	(653,222)

Note 17 - Share Based Payments

At balance date, the Company had on issue 8,950,000 non-transferable options issued in connection with share based payments (2008: 9,300,000).

	2009	**2009 WAEP**	2008	2008 WAEP
	No	**$**	No	**$**
Outstanding at the beginning of the year	**9,300,000**	**0.29**	15,350,000	0.15
Granted during the year	**7,500,000**	**0.00001**	1,450,000	0.25
Forfeited during the year	**-**	**-**	-	-
Exercised during the year	**-**	**-**	-	-
Lapsed during the year	**(7,850,000)**	**0.30**	(7,500,000)	0.00001
Outstanding at the end of the year	**8,950,000**	**0.04**	9,300,000	0.29

(WAEP: Weighted Average Exercise Price)

During the year, 7,500,000 performance options were issued to executive directors.

In the year ending 30 June 2008, 1,450,000 options were issued to employees. These options have vested in March 2009, have a strike price of 25 cents, and expire on 7 March 2011.

Note 18 - Financial Risk Management

The Group is not exposed to any material financial risk. To ensure a prudent approach to risk management the Group's exposure to the following key risks have been assessed where applicable; market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group has used a sensitivity analysis to determine the Group's exposure to interest rate risk.

Risk management is carried out by the Audit and Risk Committee under policies approved by the Board of Directors. The Board provides written principles for overall risk management.

(a) Market risk

i) Foreign exchange risk
The Group is not currently exposed to foreign exchange risk as all financial transactions are currently in Australian dollars.

ii) Price risk
The Group is not currently exposed to price risk as it does not hold investments which are classified on the balance sheet either as available-for-sale or at fair value through profit and loss.

iii) Cash flow and fair value interest rate risk
The Group has no significant cash flow and fair value interest rate risks as it does not have interest bearing financial liabilities.

The Group has a fixed interest term deposit facility with a secure banking institution to maximize its interest income from surplus cash. The Group holds working capital in transaction accounts at variable interest rates. If the interest rates had increased or decreased by 100 basis points (100 bps) from the year-end rates with all other variables held constant, post-tax profit for the year would have been $41,000 higher or lower (2008: $24,000 higher or lower); these changes to profit would have been reflected in equity.

iv) Summarised sensitivity analysis
The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk. The Group is not currently exposed to either foreign exchange risk or price risk; therefore the sensitivity analysis for these risks has not been included.

2009		**Interest rate risk**			
		-100 bps		+100 bps	
	Carrying amount	Profit	Equity	Profit	Equity
	($'000)	($'000)	($'000)	($'000)	($'000)
Financial assets					
Cash and cash equivalents	**4,778**	**(41)**	**(41)**	**41**	**41**
Total increase / (decrease)		**(41)**	**(41)**	**41**	**41**

2008		**Interest rate risk**			
		-100 bps		+100 bps	
	Carrying amount	Profit	Equity	Profit	Equity
	($'000)	($'000)	($'000)	($'000)	($'000)
Financial assets					
Cash and cash equivalents	2,880	(24)	(24)	24	24
Total increase / (decrease)		(24)	(24)	24	24

(b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks. The Group does not have any significant derivative financial instruments nor does it have significant credit exposure to retail or wholesale customers.

Note 18 – Financial risk management (Continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group currently has no committed lines of credit. The Group does not have any significant financial liabilities nor has it entered into any significant derivative financial instruments. Management monitors rolling forecasts of the Group's liquidity reserves on the basis of expected cash flow.

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables. There were no impaired trade receivables for the Group or parent in 2009 or 2008. The fair value of financial liabilities for disclosure purposes is not discounted

Note 19 - Financial Instruments

The economic entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised, at balance date was as follows:

	Floating interest rates		**Non-interest bearing**		**Total**		**Weighted average effective interest rate**	
	2009 $	2008 $	**2009** $	2008 $	**2009** $	2008 $	**2009** %	2008 %
Financial assets								
Cash	**4,752,982**	2,879,353	**400**	400	**4,753,382**	2,879,753	**3.88**	7.32
Receivables	**-**	-	**21,146**	-	**21,146**	-	**-**	-
Payables	**-**	-	**(77,321)**	(34,177)	**(77,321)**	(34,177)	**-**	-
Total	**4,752,982**	2,879,353	**(55,775)**	(33,777)	**4,697,207**	2,845,576		

The parent entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised, at balance date was as follows:

Financial assets								
Cash	**4,752,982**	2,879,353	**400**	400	**4,753,382**	2,879,753	**3.88**	7.32
Receivables	**-**	-	**21,146**	-	**21,146**	-	**-**	-
Payables	**-**	-	**(77,321)**	(34,177)	**(77,321)**	(34,177)	**-**	-
Total	**4,752,982**	2,879,353	**(55,775)**	(33,777)	**4,697,207**	2,845,576		

The following methods and assumptions are used to determine the net fair values of financial assets and financial liabilities; cash deposits bear interest at normal commercial rates.

Receivables and payables: The carrying amounts are approximately equal to fair value because of the short term to maturity. An ageing of debtors has not been performed due to the short term nature and immaterial balance.

Note 20 - Commitments

	Consolidated		Parent	
	2009	2008	**2009**	2008
	$	$	**$**	$
(a) Operating lease commitments				
Expenditure contracted for but not provided at balance date and payable:				
Not later than one year	**141,385**	136,985	**141,385**	136,985
Later than one year but not later than five years	**295,386**	11,415	**295,386**	11,415
Later than five years	**-**	-	**-**	-
Total	**436,771**	148,400	**436,771**	148,400

(b) Exploration commitments

The required minimum expenditure within 12 months for the Eneabba Group's mineral tenements is $580,500, which amount is expected to be expended through proposed drilling programmes and also work already carried out by or on behalf of the Group.

Future required minimum exploration expenditures in excess of 12 months but less than 5 years and in excess of 5 years cannot be reliably measured and hence is not stated due to the uncertainty of occurrence or otherwise of future events. Some of these events include; (and are not limited to) the voluntary surrender of tenement title, the deferral of expenditure, the sale of tenements, joint venture and farm-in arrangements.

Note 21 - Auditor's Remuneration

	Consolidated		Parent	
	2009	2008	**2009**	2008
	$	$	**$**	$
During the year the auditor of the parent entity and its related practices earned the following remuneration.				
Audit or review of Group entities	**43,474**	40,000	**43,474**	40,000
Taxation services	**12,415**	21,444	**12,415**	19,376
Tax advice	**6,880**	-	**6,880**	-
Total	**62,769**	61,444	**62,769**	59,376

Note 22 - Related Party Transactions

Controlled Entities

Investments in controlled entities comprise:

Name	Principal activities	Beneficial percentage held by economic entity	
		2009	2008
		%	%
Eneabba Gas Limited	Chief entity		
Wholly owned controlled entities:			
Eneabba Energy Pty Ltd	Power generation	**100**	100
Eneabba Mining Pty Ltd	Mineral exploration	**100**	100
Eneabba Holdings Pty Ltd	Investments & asset management	**100**	100
Eneabba Power Pty Ltd	Operations & infrastructure	**100**	100

All controlled entities are incorporated in Australia.

Loans to controlled entities

At balance date the parent entity had provided unsecured loans to its controlled entities as follows:

	$
Eneabba Energy Pty Ltd	2,393,316
Eneabba Mining Pty Ltd	2,549,900
Eneabba Holdings Pty Ltd	211,437
Eneabba Power Pty Ltd	25,140

The loans are for an indefinite term and carry interest at 150 basis points above the Reserve Bank of Australia Cash Rate Target at the end of each quarter with interest compounding quarterly.

Accounting and secretarial services

The parent entity provides accounting and secretarial services to its controlled entities without charge.

Note 23 - Earnings per Share

	Consolidated	
	2009	2008
	Cents	Cents
Basic earnings (loss) per share	**0.74**	(0.81)
Diluted earnings (loss) per share	**0.61**	(0.81)
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**74,578,837**	74,576,003
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**89,490,055**	74,576,003

Note 24 - Subsequent Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Note 25 - Reconciliation of Profit (loss) from Operations to Net Cash Flows used in Operations

	Consolidated		Parent	
	2009	2008	**2009**	2008
	$	$	**$**	$
Profit (loss) from operations	**548,336**	(602,717)	**(347,053)**	318,658
Adjustments for:				
Sale of gas	**(3,710,000)**	(1,700,000)	**-**	-
Depreciation	**16,342**	19,658	**10,518**	14,169
Inter-company charges	**-**	-	**(1,011,151)**	(1,177,651)
Net loss on disposal of property, plant and equipment	**11,391**	-	**1,351**	-
Share option expense	**358,000**	(69,000)	**358,000**	(69,000)
Feasibility study asset costs expensed	**89,528**	212,434	**-**	-
Exploration assets expensed	**120,462**	36,161	**-**	-
Changes in assets and liabilities:				
(Increase) / Decrease in inventories	**1,464,036**	1,104,933	**-**	-
Increase in trade and other receivables	**(11,019)**	2,201	**(11,019)**	-
Increase in prepayments	**(11,397)**	(6,940)	**(11,397)**	(6,939)
Increase in trade and other payables	**(17,925)**	(13,920)	**32,982**	(1,227)
Increase in provision for employee benefits	**14,032**	(14,186)	**14,032**	(14,186)
Increase in provision for unearned income	**-**	(816)	**-**	-
Net cash flows used in operations	**(1,128,214)**	(1,032,192)	**(963,737)**	(936,176)

Note 26 – Discontinued Operations

Details of operations held for sale

On 1 April 2009, the Company executed a Heads of Agreement (HoA) with Carbon Energy Limited. The signing of the HoA is the first step of a process which, when successfully completed, will result in;

1. Carbon Energy acquiring a substantial coal exploration area in Western Australia, including at least a 300 Mt JORC inferred resource, through the acquisition of Eneabba Gas subsidiary, Eneabba Mining Pty Ltd ("EMPL"), subject to the final results of the drilling programme.
2. The execution of a Gas Sales Agreement for a minimum of 15 TJ per day (up to 45 TJ per day) of UCG Syngas for the Centauri 1 Power station, and
3. Issue of 30,000,000 CNX fully paid ordinary shares to EGL in exchange for the Sargon Group of coal tenements.

The successful completion of the transactions contemplated by the HoA is subject to mutual due diligence including the drilling by EMPL on its tenements and the subsequent negotiation of binding formal agreements between the parties.

	Consolidated	
	EMPL 2009 $	**EMPL 2008** $
Financial performance of operations held for sale		
Revenue	-	-
Expenses	51,079	105,212
Gross profit (loss)	(51,079)	(105,212)
Gain on disposal	-	-
Finance costs	-	-
Loss recognised on remeasurement to fair value	-	-
Loss before income tax	(51,079)	(105,212)
Income tax	-	-
Loss after income tax	(51,079)	(105,212)
Assets and liabilities of operations held for sale		
Assets		
Cash and cash equivalents	7,000	205
Property, plant and equipment	2,364	-
Exploration assets	1,810,776	1,122,809
Liabilities		
Trade and other payables	(139,188)	-
Net assets	1,680,952	1,123,014
Cash flow of operations held for sale		
Operating	(96,003)	(79,220)
Investment	102,798	75,559
Financing	-	-
Net cash movements	6,795	(3,661)

Note 27 – Contingent Liabilities

The Group is not aware of any material contingent liability at the date of this 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 Company and of the consolidated entity are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001; and

  (iii) the financial report also complies with International Financial Reporting Standards as disclosed in note 1; 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.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2009.

On behalf of the Board

R N Gillard
Chairman
24 August 2009

M H Babidge
Managing Director
24 August 2009

PKF

Chartered Accountants
& Business Advisers

INDEPENDENT AUDIT REPORT

TO THE MEMBERS OF ENEABBA GAS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Eneabba Gas Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration for both Eneabba Gas Limited and of the consolidated entity. The consolidated entity comprises the entity and the entities it controlled at the from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the 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 controls relevant to the preparation and fair presentation of the 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with Australian Equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's Opinion

In our opinion:

(a) the financial report of Eneabba Gas Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the entity's and consolidated entity's financial position as at 30 June 2009 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the consolidated and parent financial statements also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 23 to 25 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Eneabba Gas Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Acts 2001*.

PKF

PKF
Chartered Accountants

Chris Nicoloff

Chris Nicoloff
Partner

Dated at Perth, Western Australia this 24th day of August 2009