

# Appendix 4E

## Preliminary final report

Name of entity

ENEABBA GAS LIMITED

ABN or equivalent company  
reference

69 107 385 884

Financial year ended ('current period')

30 June 2010

### For announcement to the market

\$A'000

Revenues from continuing operations	Down	(97.59%)	to	95
Profit from ordinary activities after tax attributable to members	Down	N / A	to	(1,897)
Net profit for the period attributable to members	Down	N / A	to	(1,897)
<b>Dividends (distributions)</b>		Amount per security		Franked amount per security
Final dividend		None		- ¢
Interim dividend				
Previous corresponding period		None		- ¢
<sup>+</sup> Record date for determining entitlements to the dividend, (in the case of a trust, distribution)		N/A		

The above results should be read in conjunction with the notes and commentary contained in this report.

## Management Discussion and Analysis

### 1. Overview

The net loss after tax of the consolidated entity for the year ended 30 June 2010 was \$1,801,376 (2009: net profit of \$548,336). The decrease in net profit is explained mainly by the profit on sale of gas \$2,219,464 in the previous period and no sale of gas during the current period.

### 2. Principal activities

The principal activity of the economic entity during the financial year was progressing to the construction of the proposed 168 MW Centauri 1 Gas-fired Power Station near Dongara, Western Australia.

The loss per share for the year was 2.35 cents (2009: profit per share 0.74 cents).

### 3. Key Events during the Year and to the date of this Report

The Company has achieved many significant milestones in the past twelve months including:

- an initial JORC compliant resource estimate which gave an extremely positive result, lifting the Company's tenements from "exploration potential" to a quantified initial JORC resource.
- on 15 October 2009, the Company received confirmation from the EPA that the full Works Approval for the building of the Centauri I Power Station was granted without any other amendments, which confirms the Company's planning for environmental delivery criteria has been again confirmed by the EPA.
- The final report from Xenith Consulting, of the finalisation of drilling for the 2009 calendar year reported a final year result of the independent analysis confirms substantial JORC compliant coal resource of 194 million tonnes (74 million tonnes Indicated and 119 million tonnes Inferred) in the first of the Company's ten Western Australia Mid West tenements.
- On 9 December 2009, the company advised Carbon Energy Limited that it had decided not to extend the term of the Heads of Agreement, which was due to expire on 18 December 2009. With drilling completed and a significant energy value in the tenements, the Company focussed on the long term planning for the Centauri 1 Gas-fired Power Station.
- During the December quarter, the Company completed the purchase of approximately \$1.0 m of Domgas.
- Discussions held at the highest levels within in the WA Government to assist in having UCG legislation included within the Mining Act 1978, an outcome which the Company believes would be advantageous to the development of its UCG project.
- Early in February 2010, the Company became as a member of the Association of Mining and Exploration Companies Inc ("AMEC") AMEC is the pre-eminent voice of the mineral exploration industry in Australia with a full membership almost three times larger than its nearest national counterpart. AMEC members are represented at both the national and state level on matters pertaining to encouraging mineral exploration in Australia.
- In March 2010, with mapping of the EMPL E 70 / 2758 drill results, plus reviewing existing seismic results in the North Perth Basin, the Company identified additional extensions of the previously reported "C" and "D" seams.

- In mid April 2010, the Company signed a MoU with Cougar Energy Limited (ASX: CXY) for the development of its coal resources at its Sargon Tenements in Mid West WA. This will include exploration drilling and establishment of a pilot plant for UCG near Dongara Western Australia to begin in mid 2010. The arrangement will also include access to the UCG technology of Ergo Exergy Technologies Inc (Cougar Energy's partner in its other UCG projects) will be utilized in this project.
- This arrangement was further formalised on 8 June 2010 when Cougar Energy Limited and Eneabba Gas Limited signed a Binding UCG Joint Venture Terms Sheet to develop the Sargon Coal tenements in Mid West Region of Western Australia. This included;
  - (a) Terms being set for a 50 / 50 UCG and power generation joint venture
  - (b) Cougar Energy's UCG technology partner to be engaged on the project
  - (c) Project phase due diligence to commence immediately
  - (d) Assist and together engage with the State Government to develop the project in the shortest possible timeline.
- The Company has continued to progress putting regulatory approvals in place inclusive of environmental approval, electricity generation licence and all other necessary planning and council planning to build the Centauri 1 Gas-fired Power Station project which the Company believes can be built and deliver energy, direct to Mid West consumers within a 14 month period after a firm energy off-take agreement can be achieved.

#### **4. Future outlook**

The Company is progressing the establishment of the Centauri 1 Gas-fired Power Station for 168 MW near Dongara. 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.

The Company has all the regulatory approvals in place inclusive of environmental approval, electricity generation licence and all other necessary planning and council planning to build the Centauri 1 168 MW Gas-fired Power Station, some 8 kms east of Dongara. The Centauri 1 Power station project can be built and deliver energy direct to iron ore mining locations within a 14 month period after a firm energy off-take agreement.

The Company advises that it has lodged all preliminary data with the Department of Mines and Petroleum ("DMP") for the Programme of Works ("PoW") for the 2010 drilling season on its Sargon Group exploration tenements. The management of UCG in Western Australia is acknowledged by DMP to be under the *Mining Act 1978*.

The previous drilling contractor, Mosslake Drilling Contractors will be undertaking the works and Aquaterra (consulting hydrogeologists) monitoring all data. The area under exploration is all on freehold land and thus has no Native Title issues. All land access agreements are in place with existing landowners.

The Company is working with our Joint Venture partner Cougar Energy Limited ('CXY') to ensure that the exploration drilling will result in

- (a) incremental increases in potential JORC resources
- (b) planning for the ensuing UCG Pilot Burn in 2011

The Company is particularly pleased to be working with the CXY team and action to facilitate the acceleration of a test site in Western Australia in 2011. With the potential delivery of UCG Syngas as a result of this arrangement is anticipated to have syngas as a fuel for the future increases from 168MW for the increased energy demand in the Region.

**Condensed Income Statement  
For the Year ended 30 June 2010**

	Notes	Consolidated	
		for the year ended 30 June 2010	for the year ended 30 June 2009
		\$	\$
<b>Continuing operations Revenue</b>	<b>2</b>	<b>95,204</b>	<b>3,950,383</b>
Other income	2	-	-
Other expenses	2	(1,896,580)	(3,402,047)
<b>Profit / (loss) from continuing operations before tax and finance costs</b>		<b>(1,801,376)</b>	<b>548,336</b>
Finance costs		-	-
<b>Profit / (loss) from continuing operations before income tax</b>		<b>(1,801,376)</b>	<b>548,336</b>
Income tax benefit			
<b>Net profit / (loss) attributable to members of Eneabba Gas Limited</b>		<b>(1,801,376)</b>	<b>548,336</b>

	for the year ended 30 June 2010	for the year ended 30 June 2009
<b>Earnings per share</b>		
Basic earnings / (loss) per share from continuing operations	<b>(2.35) cents</b>	0.74 cents
Diluted earnings / (loss) per share from continuing operations	<b>(2.35) cents</b>	0.61 cents

**Condensed Balance Sheet**  
**As at 30 June 2010**

<b>Consolidated</b>	<b>Notes</b>	<b>as at 30 June 2010 \$</b>	<b>as at 30 June 2009 \$</b>
<b>Current assets</b>			
Cash and cash equivalents		864,662	4,746,382
Receivables		15,131	21,146
Prepayments		46,624	18,336
Inventories		1,142,719	-
Assets held for sale		-	1,820,140
<b>Total current assets</b>		<b>2,069,136</b>	<b>6,606,004</b>
<b>Non-current assets</b>			
Deposits		25,000	25,000
Property, plant and equipment		1,691,258	1,721,761
Exploration and evaluation assets		3,200,015	-
Prepayments		125,000	125,000
<b>Total non-current assets</b>		<b>5,041,273</b>	<b>1,871,761</b>
<b>Total assets</b>		<b>7,110,409</b>	<b>8,477,765</b>
<b>Current liabilities</b>			
Trade and other payables		74,110	77,321
Unearned income		517	517
Provisions		42,737	58,216
Liabilities associated with assets held for sale		-	139,188
<b>Total current liabilities</b>		<b>117,364</b>	<b>275,242</b>
<b>Total liabilities</b>		<b>117,364</b>	<b>275,242</b>
<b>Net assets</b>		<b>6,993,045</b>	<b>8,202,523</b>
<b>Equity</b>			
Contributed equity	<b>4</b>	10,451,196	10,255,109
Option reserves		1,024,840	629,029
Accumulated losses		(4,482,991)	(2,681,615)
<b>Total equity</b>		<b>6,993,045</b>	<b>8,202,523</b>

**Condensed Cash Flow Statement  
For the Year ended 30 June 2010**

<b>Consolidated</b>	<b>for the year ended 30 June 2010 \$</b>	<b>for the year ended 30 June 2009 \$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	-	-
Payments to suppliers and employees	(1,616,106)	(1,368,596)
Payment for purchase of inventory	(1,142,720)	-
Interest received	85,922	231,570
Interest paid	-	-
Lease income – pastoral	3,100	3,100
Other income	6,182	5,712
<b>Net cash flows from / (used) in operating activities</b>	<b>(2,663,622)</b>	<b>(1,128,214)</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of inventories	-	3,710,000
Payment for purchases of property, plant and equipment	(5,537)	(120,132)
Payment for exploration and evaluation expenditure	(1,557,959)	(725,623)
<b>Net cash flows used in investing activities</b>	<b>(1,563,496)</b>	<b>2,864,245</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of ordinary shares	196,087	33,782
Share issue costs	-	-
Proceeds from issue of options	161,002	149,144
Option issue costs	(18,691)	(20,327)
<b>Net cash flows from financing activities</b>	<b>338,398</b>	<b>162,599</b>
<b>Net increase (Decrease) in cash held</b>	<b>(3,888,720)</b>	<b>1,898,630</b>
Cash and cash equivalents at beginning of period	4,753,382	2,854,752
<b>Cash and cash equivalents at end of period</b>	<b>864,662</b>	<b>4,753,382</b>

## Condensed Statement of Changes in Equity For the Year ended 30 June 2010

	Consolidated			
	Issued Capital	Accumulated losses	Other reserves	Total equity
	\$	\$	\$	\$
<b>At 30 June 2008</b>	<b>10,221,327</b>	<b>(3,229,951)</b>	<b>145,400</b>	<b>7,136,776</b>
Issue of shares	33,782	-	-	33,782
Option reserve	-	-	483,629	483,629
Loss for period	-	548,336	-	548,336
<b>At 30 June 2009</b>	<b>10,255,109</b>	<b>(2,681,615)</b>	<b>629,029</b>	<b>8,202,523</b>
Issue of shares	196,087	-	-	196,087
Option reserve	-	-	395,811	395,811
Loss for period	-	(1,801,376)	-	(1,801,376)
<b>At 30 June 2010</b>	<b>10,451,196</b>	<b>(4,482,991)</b>	<b>1,024,840</b>	<b>6,993,045</b>

### Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows:	As at 30 June 2010 \$	As at 30 June 2009 \$
Cash on hand and at bank	364,662	403,382
Deposits at call	500,000	4,350,000
<b>Total cash at end of period</b>	<b>864,662</b>	<b>4,753,382</b>

### Non-cash financing and investing activities

No significant non-cash financing and investing activities have occurred during the period.

## NTA backing

	30/06/10	30/06/09
Net tangible asset backing per ordinary security	4.84 cents	8.56 cents

## 2 REVENUE AND EXPENSES

Consolidated	for the year ended 30 June 2010	for the year ended 30 June 2009
	\$	\$
<b>Revenue</b>		
Sales and services revenue	-	-
Finance revenue - Interest received	85,922	231,571
Sale of gas	-	3,710,000
Other income	9,282	8,812
	95,204	3,950,383
<b>Expenses</b>		
Cost of gas sold	-	(1,490,536)
Finance expense	-	-
Feasibility costs expensed	(20,470)	(90,078)
Employee benefits	(1,231,512)	(1,031,511)
Amortisation and depreciation	(38,402)	(16,304)
Other expenses	(606,196)	(773,618)
	(1,896,580)	(3,402,047)

## 3 DIVIDENDS PAID AND PROPOSED

No dividends have been paid or proposed during the year.



#### 4 ISSUED CAPITAL

<i>Ordinary shares</i>	for the year ended 30 June 2010	for the year ended 30 June 2009
	\$	\$
Issued and fully paid	10,451,196	10,255,109
	Number of shares	\$
At 1 July 2009	74,690,213	10,255,109
Shares issued during the year (net of issue costs)	3,632,800	196,087
	78,323,013	10,451,196

#### 5 SEGMENT REPORTING

##### Business Segments

The following table presents the revenue and profit information regarding segments for the years ended 30 June 2010 and 30 June 2009.

	Electricity Generation	Mineral Exploration	Unallocated	Total
	\$	\$	\$	\$
<b>30 June 2010</b>				
Segment Revenue	-	-	95,204	95,204
Segment result	-	-	(1,801,376)	(1,801,376)
Segment assets	2,967,435	3,339,798	803,176	7,110,409
Segment liabilities	(517)	(4,984)	(111,863)	(117,364)
<b>30 June 2009</b>				
Segment Revenue	3,710,000	-	240,383	3,950,383
Segment result	2,123,600	-	(1,575,264)	548,336
Segment assets	1,689,716	1,810,778	4,977,271	8,477,765
Segment liabilities	(7,232)	(139,187)	(128,823)	(275,242)

#### 6 GROUP STRUCTURE

Companies within the Eneabba Group (all wholly owned) carry out designated activities:

Eneabba Energy Pty Ltd - Power Generation  
Eneabba Mining Pty Ltd – Mineral Exploration  
Eneabba Holdings Pty Ltd – Investment and Asset Management  
Eneabba Power Pty Ltd – Operations and Infrastructure

## 7 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 except as follows;

The Company announced an entitlement offer on 12 July 2010 consisting of a non-renounceable entitlement offer to eligible shareholders of up to 13,053,835 shares, each at an issue price of \$0.095, on the basis of 1 new share for every 6 shares held together with 1 free attaching option for each three new shares applied for exercisable at \$0.15 each on or before 30 June 2013. The completion of the offer if fully subscribed will result in an increase in cash at hand of up to approximately \$1.24 million (before payment of costs associated with the entitlement offer). The capital raised will be used to continue assessing the suitability of the company's Sargon Tenements to conduct UCG operations under the joint venture with Cougar Energy Limited and development of its proposed 168MW Centauri 1 Gas Fired Power Station project.

### Annual meeting

*(Preliminary final report only)*

The annual meeting will be held as follows:

Place	Holiday Inn, City Centre Perth, 778-788 Hay St, Perth, Western Australia, Australia
Date	12 November 2010
Time	11.30 am
Approximate date the *annual report will be available	14 September 2010

### Competent Persons Statement

*\*\* The information in this report relating to mapping 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.*

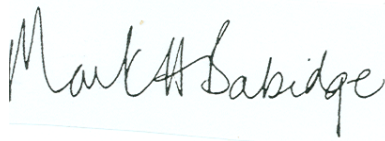
*Mr Turner is a qualified geologist and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting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

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

### Compliance statement

- 1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX.
- 2 This report, and the +accounts upon which the report is based (if separate), use the same accounting policies.
- 3 This report does give a true and fair view of the matters disclosed.
- 4 This report is based on +accounts to which one of the following applies.  
(Tick one)

<input type="checkbox"/> The +accounts have been audited.	<input type="checkbox"/> The +accounts have been subject to review.
<input checked="" type="checkbox"/> The +accounts are in the process of being audited or subject to review.	<input type="checkbox"/> The +accounts have <i>not</i> yet been audited or reviewed.



Sign here: .....  
(Managing Director)

Date: 11 August 2010

Print name: Mark H Babidge