

**ENEABBA GAS LIMITED**

ABN 69 107 585 884

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Sebastian Bednarczyk
Advisor, Listings (Perth)
ASX Compliance Pty Limited
Level 8, Exchange Plaza
2 The Esplanade
PERTH WA 6000

11 February 2011

by fax (08) 9221 2020

Dear Sebastian

Eneabba Gas Limited (the "Company")

With reference to your letter of the 9th February 2011 in regard the Company's Quarterly report in the form of the Appendix 4C for the period ended 31 December 2010, released to ASX Limited ("ASX") on 27 January 2011 (the "Appendix 4C") the Company responds to your questions as follows;

1. As advised in the "summary" of the 4C as lodged, the Company has undertaken a cost reduction programme which will result in a reduction in the monthly operating costs of the business including staff and overheads. It is also anticipated that due to the current status of the Company's activities no exploration expenditure is likely to occur until the third quarter of 2011.
2. As a result of the measures outlined in 1 the Company does not envisage the same level of operating flows in coming quarters. In addition and as reported in the "summary" of the 4C lodged, the Company has taken steps to assist in the process of selling its gas inventory which is expected to realise in excess of \$1.1 million. The sale of the gas inventory is being actively marketed to potential purchasers.
3. The Company's actual expenses were 9.5% less than expected. The Company was not budgeting to achieve any gas sales during the December Quarter.
4. NA.
5. As advised above and in the "summary" of the 4C as lodged the Company has taken steps to reduce its operating cash outflows and to achieve the sale of its gas inventory to provide funds to continue its objectives.
6. The Company confirms it is in compliance with the listing rules and, in particular, listing rule 3.1.
7. The Company believes that it is in compliance with Listing Rule 12.2 having regard to the matters outlined in the Appendix 4C and above.

Sincerely

Simon L Robertson
Company Secretary



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9 February 2011

Mr Simon Robertson
Company Secretary
Eneabba Gas Limited
Level 1, 30 Ord Street
WEST PERTH WA 6005

By email: Simon@slrconsulting.com.au

Dear Simon

Eneabba Gas Limited (the "Company")

I refer to the Company's Quarterly Report in the form of Appendix 4C for the period ended 31 December 2010, released to ASX Limited ("ASX") on 27 January 2011 (the "Appendix 4C").

ASX notes that the Company has reported the following.

1. Receipts from customers of \$0.
2. Net negative operating cash flows for the quarter of \$692,000.
3. Cash at end of quarter of \$513,000.

In light of the information contained in the Appendix 4C, please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 4C, the Company may not have sufficient cash to fund its activities for the next quarter. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 4C for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. To what extent have the Company's actual revenues and expenses in the quarter, as reported in the Appendix 4C, matched the Company's anticipated revenues and expenses for that reporting period?
4. If the Company's actual revenues and expenses are not substantially in accordance with the Company's anticipated revenues and expenses, when did the Company become aware that its revenues and expenses would not substantially match the anticipated revenues and expenses? You may wish to outline any circumstances that may have had an effect on the Company's revenues and expenses.

5. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
6. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.17
7. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

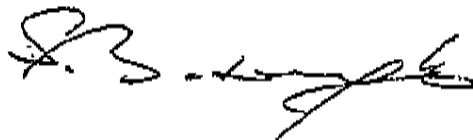
Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me on facsimile number 9221 2020. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than 5:00 pm WST on Friday, 11 February 2011.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

Yours sincerely,



Sebastian Bednarczyk
Adviser, Listings (Perth)