

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

ENEABBA GAS LIMITED

ABN

69 107 385 884

Quarter ended ("current quarter")

30 December 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter	Year to date (6 months)
	\$A'000	\$A'000
1.1 Receipts from customers - proceeds from sale of gas - GST component	-	-
1.2 Payments for (a) staff costs	(155)	(339)
(b) advertising and marketing	(28)	(65)
(c) power station feasibility costs	(19)	(23)
(d) exploration costs	(338)	(405)
(e) purchase of gas inventory	(6)	(6)
(f) other working capital *	(162)	(306)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	12	23
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other items*	4	10
Net operating cash flows	(692)	(1,111)

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	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	(692)	(1,111)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	(1)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other – sale of gas	-	-
Net investing cash flows	-	(1)
1.14 Total operating and investing cash flows	(692)	(1,112)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	766
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other – securities issue costs	-	(20)
Net financing cash flows	(692)	746
Net increase (decrease) in cash held	(692)	(366)
1.21 Cash at beginning of quarter/year to date	1,205	879
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	513	513

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

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

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	131
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions	
	i) Executive directors remuneration	72
	ii) Directors fees and consulting charges	59

Non-cash financing and investing activities

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

Not applicable

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

Not applicable

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

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

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Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	10	10
4.2 Deposits at call	503	695
4.3 Bank overdraft	-	-
4.4 Other (Term deposit)	-	500
Total: cash at end of quarter (item 1.23)	513	1,205

The Company also has a deposit amount of \$25,000 which is pledged as a security deposit for a company credit card facility. This deposit amount is not included as part of the quarter end cash balances shown above.

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	Not applicable	Not applicable
5.2 Place of incorporation or registration	-	-
5.3 Consideration for acquisition or disposal	-	-
5.4 Total net assets	-	-
5.5 Nature of business	-	-

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:
Print name: Company Secretary
 Simon Robertson

Date: 27 January 2011

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

SUMMARY OF KEY ACTIVITIES DURING THE QUARTER

Eneabba Gas has focused on the development of the 168MW gas-fired Centauri 1 power station on Company-owned land near Dongara in the Mid West of Western Australia. Eneabba Gas proposes to market power from Centauri 1 to the fast growing Mid West region of Western Australia.

The Company has undertaken detailed discussions with iron ore mining interests in the Mid West and has been requested to review the total energy output by Centauri 1 from 168 MW up to 275 MW in the medium term and a possibility of 390 MW in the longer term, in staging development of the power station capacity. In addition, the environmental impact of lower carbon emissions and the future lower energy cost associated with the introduction of UCG capabilities within a possible three year time frame, is seen to be major advantage over other energy generation capabilities.

In regards to its Sargon Tenements, the Company can confirm it has undertaken the drilling on the eastern Sargon Tenements which were shown to be potential UCG capability. As a result of these activities Eneabba has met its minimum expenditure requirements as required by Department of Mines and Petroleum.

The Company has advised the market that it has been approached by potential cornerstone investors that have shown interest in Centauri 1 and extensions of Underground Coal Gasification (“UCG”) power projects in the Sargon tenements. Discussions regarding the commercial arrangements have begun, but slowed by the holiday period, they are at this stage commercially confidential.

Eneabba believes these parties have been attracted to the Centauri 1 Power Station project due to the recent developments in the Mid West and a relatively short time-frame required for start-up, approximately 18 months from commencement of construction, and the fact that all contractual, environmental and regulatory approvals are in place.

Following a decision published by the Economic Regulation Authority (“ERA”) and under the licence amendments under section 22 of the Electricity Industry Act 2004, the ERA has re-issued the licence for the Centauri 1 Power Station, with an expiry date 11 March 2037.

The Company has advised that the agreement with Cougar Energy Limited (ASX: CXY) (refer ASX Announcement dated 8 June 2010), regarding the development of the Sargon Tenements as a result of the delays mainly caused by CXY and its ongoing funding and project related environmental issues not yet resolved since early July 2010 and is at an end as a result of a repudiation by CXY of its contractual obligations. The Company will be committed to UCG in the Sargon tenements, but as above, a review of the tenements and a proposed plan will be activated by 31 March 2011 to engage this asset of the Company.

As at January 2011 the Company has undertaken a cost reduction programme and due to the exploration programme unlikely to be activated until the third quarter of 2011, adequate current working capital is contemplated, particularly with actions to convert sale gas inventory to cash.

The Company has undertaken a “swap” arrangement for its sale gas with Verve Energy and along with the Company activity as a Foundation Membership of the trading platform of Energy Access Services (“EAS”), the gas inventory will be sold within EAS or as an ‘orderly marketing term sheet’ with purchasers (current book value \$1.15 million) in the current summer period of high demand. The funds will support the working capital requirements for the Company.

+ See chapter 19 for defined terms.