

ASX Release

31 October 2012

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Directors:

John Arndell - Chairman
Thomas Goh – Director
Greg Allen - Director
Morgan Barron - Director

Issued Capital:

160,418,038	Ordinary Shares (ENB)
2,687,013	Listed Options (ENBOC) (\$0.15 to 30/06/13)
24,000,000	Unlisted Options (\$0.05 to 31/08/14)

ASX Code:

ENB (Fully Paid Ordinary Shares)



ENEABBA GAS LIMITED

ABN 69 107 385 884

Baseline Monitoring Well Drilling Commenced

- **Drilling of monitoring well commenced**
- **Coal depth and thickness to be accurately measured during drilling**
- **Drilling recommended and approved by the Department of Water**

Eneabba Gas Limited (ASX: ENB) (“the Company” or “Eneabba”) wishes to advise that drilling of the first baseline water monitoring well (SW1) on its Sargon coal tenement commenced yesterday; 100 metres was completed yesterday and the top of Cattamarra Coal Measures was intersected at 89m. It is expected that the total planned depth of around 195 metres will be reached today. The well will be geophysically logged, cemented back and then completed as a two level monitoring bore above the coal seams.

This monitoring well was recommended by hydrogeology consultants, RPS Aquaterra, and has been approved by the Western Australian Department of Water. The well will be monitored by RPS Aquaterra and will provide ongoing data about the baseline groundwater environment on the Sargon tenement. This baseline monitoring data will be later used to identify any potential changes in groundwater characteristics and any environmental impacts that may result from Eneabba’s proposed underground coal gasification (“UCG”) pilot, as well as any impact from subsequent project production.

RPS Aquaterra has previously performed detailed hydrogeological assessments of the Sargon project, which has confirmed the suitability of the project area for UCG. The data collected from this assessment will complement existing knowledge of the hydrogeology of the project area and will be integral in ensuring the Company’s proposed UCG pilot plant receives state government approval to construct and operate.

The geophysical logging of the depth and thickness of the coal seams which are expected to occur at around 180m depth may assist with proving up the existing JORC coal resource within the Sargon tenement. The current estimated JORC coal resource is a total of 194 million tonnes*.

Yours faithfully,

For or on behalf of Eneabba Gas Ltd

Morgan Barron
Director

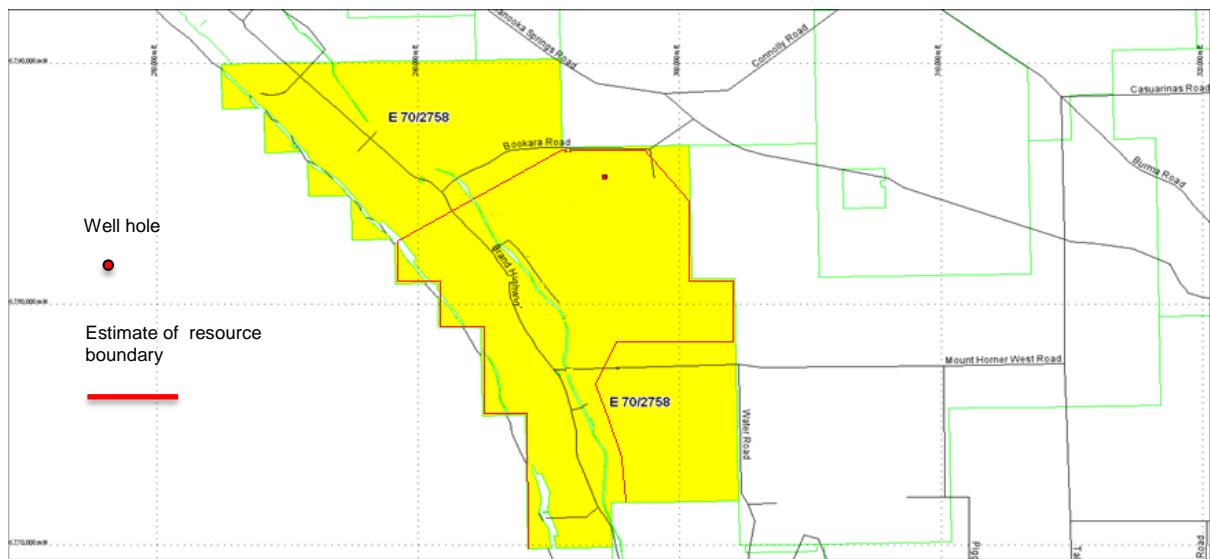
BASELINE WELL DRILLING COMMENCED

Photos of the baseline well being drilled on Eneabba's Sargon Tenement:-



BASELINE WELL DRILLING COMMENCED

Location of the baseline well on the Sargon Tenement (E70/2758):-



About the Company

Eneabba Gas Limited was established as a public company on 12th December 2003. The Company was listed successfully on the Australian Stock Exchange (ASX code: ENB) on 28 April, 2006.

The Company is focused on developing the first UCG operation in Western Australia on its Sargon coal tenement as well as investigating other opportunities in the energy and resources sector to generate shareholder value. The Company has also secured all necessary regulatory approvals for development of its proposed 168MW gas-fired Centuari-1 power station on Company-owned land 8km east of Dongara in the Mid West of Western Australia. Eneabba Gas proposes to market power from Centauri-1 to the fast growing Mid West region.

Competent Persons Statement

**The information in this report relating to JORC 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.