ENEABBA GAS LIMITED

A.B.N. 69 107 385 884

APPENDIX 4D AND HALF YEAR FINANCIAL REPORT

31 DECEMBER 2012

ENEABBA GAS LIMITED - HALF-YEAR REPORT

Appendix 4D

Eneabba Gas Limited and Controlled Entities

ABN 69 107 385 884

Half Year ended 31 December 2012 - Additional Disclosures

1. Reporting periods

| Half year ended | Half year ended |
|--------------------|-----------------------------------|
| ('Current period') | ('Previous corresponding period') |
| 31 December 2012 | 31 December 2011 |

2. Results for announcement to the market

\$A'000

| Revenues from ordinary activities | Up | 335% | to | 80 |
|---|----|------|----|-----|
| Profit from ordinary activities after tax attributable to members | Up | 120% | to | 116 |
| Profit for the period attributable to members | Up | 120% | to | 116 |

Brief explanation of above figures – Administration costs were lower in the current period than the prior and a research and development tax offset claim was lodged and recognised in the current period.

Dividends - There were no dividends declared or paid during the period and the directors do not recommend that any dividend be paid.

3. Net tangible asset backing

| | Current period | Previous corresponding period |
|---|--------------------|-------------------------------------|
| Net tangible asset backing / (deficiency) per ordinary security | 3.55 cents / share | 3.51 cents / share |

ENEABBA GAS LIMITED - HALF-YEAR REPORT

4. Controlled Entities

There were no controlled entities gained or lost during the period.

5. Dividends or Distributions

Nil.

6. Dividend or Distribution Reinvestment Plans

N/A.

7. Material interests in entities which are not controlled entities

N/A.

8. Foreign Entities

N/A.

9. Independent Review Report

Refer to the Independent Review Report on page 17 and page 18 of the attached Financial Report for the half year ended 31 December 2012.

10. Compliance statement

This report should be read in conjunction with the attached Half Year Financial Report for the half year ended 31 December 2012.

Sign here:

Date: 22 February 2013

Print name:

Brett Tucker



Interim Financial Report for the half year ended 31 December 2012

Contents

| CORPORATE INFORMATION | 1 |
|--|----------|
| DIRECTORS' REPORT | 2 |
| AUDITOR'S INDEPENDENCE DECLARATION | 5 |
| CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME | 6 |
| CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION | <i>7</i> |
| CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY | 8 |
| CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS | 9 |
| NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS | 10 |
| DIRECTORS' DECLARATION | 16 |
| INDEPENDENT AUDITOR'S REVIEW REPORT | 17 |

This financial report covers the Eneabba Gas Limited Group consisting of Eneabba Gas Limited and its subsidiaries. The financial report is presented in Australian dollars.

Eneabba Gas Limited is a company limited by shares, incorporated and domiciled in Australia. The registered office and principal place of business is:

Eneabba Gas Limited Suite 2, 12 Parliament Place West Perth WA 6005

A description of the nature of the Group's operations and its principal activities is included in the Directors' Report on page 2, which does not form part of this financial report.

The Company has the power to amend and reissue the financial report.

Corporate Information

Directors:

John Arndell

Non-Executive Chairman

Thomas Goh

Non-Executive Director

Morgan Barron

Non-Executive Director

Greg Allen

Non-Executive Director

Company Secretary:

Brett Tucker

Registered & Principal Office:

Suite 2, 12 Parliament Place

WEST PERTH WA 6005

Telephone: + 618 9321 0099 Facsimile: + 618 9482 0505

Email: info@eneabbagas.com.au

Website: www.eneabbagas.com.au

Postal Address:

P.O. Box 772

WEST PERTH WA 6872

Auditor:

HLB Mann Judd

Level 4, 130 Stirling Street

PERTH WA 6000

Solicitors:

Steinepreis Paganin

Level 4, The Read Buildings

16 Milligan Street

PERTH WA 6000

Home Securities Exchange:

Australian Securities Exchange Limited

Exchange Plaza

2 The Esplanade

PERTH WA 6000

ASX Code: ENB (Ordinary Shares)

ENBOC (Options)^a

Share Registry:

Security Transfer Registrars Pty Ltd

PO Box 535

APPLECROSS WA 6953

Bankers:

Westpac Banking Corporation 109 St Georges Terrace

PERTH WA 6000

^a ENBOC - Options exercisable at 15 cents expiring 30 June 2013

Directors' Report

The Directors have pleasure in submitting their report on the Group; being the Company and its subsidiaries, for the half year ended 31 December 2012. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

DIRECTORS

The names and details of Directors in office at any time during the half-year or since the end of the half-year were:

John Arndell

Thomas Goh

Morgan Barron

Greg Allen

Non-Executive Chairman

Non-Executive Director

Non-Executive Director

Non-Executive Director

Directors have been in office since the end of the period to the date of this report unless otherwise stated.

PRINCIPAL ACTIVITIES

The principal activities of Eneabba Gas Limited ("Eneabba" or the "Company") during the period were the evaluation of the companies Energy assets. This included exploration of the Sargon Underground Coal Gasification ("UCG") resource, including the drilling of a baseline studies to advance the project towards a pilot burn stage, the search for partners to assist in funding construction of the 168 MW Centauri-1 Power Station near Dongara, Western Australia and the evaluation of additional resource and energy projects.

RESULTS

The net profit attributable to the Company after income tax for the half year ended 31 December 2012 amounted to \$116,009 (2011: loss of \$617,609). This net profit is largely due to the receipt of a research and development tax offset that is related to Power and underground coal gasification development activities in the 2010 financial year.

OPERATING REVIEW

Overview

The Company was established in early 2004. The Company's head office is located in Perth, the capital city of Western Australia. Its main assets are Company owned land with power station construction approvals and its JORC coal resource in Regional Western Australia. The main location is the site of the proposed Centauri-1 power station, some 4,666 acres, and is surrounded by infrastructure including a main highway on one boundary, high speed fibre optic cable, power, rail and a major port some 65 km from the site, plus a natural gas pipeline (the APA Group Parmelia Gas Pipeline) running through the land.

The Company has approvals to construct the proposed Centauri-1, gas-fired power station including power generation licensing, environmental approvals, planning and zoning, as well as State Government approvals. The Company is now searching for a firm energy off-take agreement and funding to begin construction.

The Company is also progressing plans to construct a UCG pilot plant on its Sargon tenement in order to exploit its significant JORC coal resource.

The Company is focused on securing funding to develop its Sargon Coal and Power Station projects and on identifying new opportunities in the resources and energy sector.

Directors' Report

Operating Activities

Drilling of a baseline monitoring well on the Sargon tenement was completed in November 2012. RPS Aquaterra has been engaged to collect the initial baseline water data as well as conduct a second suite of permeability testing of the nominated aquifers. Initial data from the well was received in January 2013 and ongoing monitoring will provide a further understanding of the baseline groundwater environment on the Sargon tenement so any potential changes as a result of the proposed UCG pilot burn can be documented and assessed.

Following geological and geophysical logging of a sample of coal taken during the drilling of the baseline monitoring well, the estimated JORC inferred coal resource* for the Sargon tenement was increased by 11Mt to a total of 205Mt.

Both the depth and the thickness of the C and D coal seams intersected during the well drilling were in accordance with the Company's expectations and were consistent with samples taken in nearby holes during prior drill campaigns.

The Company's total JORC resource* is now calculated as follows:-

| Category | (Mt) |
|-----------|------|
| Indicated | 75 |
| Inferred | 130 |
| Total | 205 |

As announced to the ASX on 3 December 2012, the Company applied for and was granted an extension of term on its Sargon tenement, being exploration license E70/2758, for a further two years to 14 November 2014.

As part of the Company's strategy to secure funding for the development of the Sargon Coal and the 168MW Centauri-1 Power Station projects, representatives from Eneabba travelled to China during the current period to finalise and execute a mandate with the Tianjin Mining Exchange ("TMEx") to locate Chinese investors.

Eneabba has been granted membership to the TMEx and has successfully listed its projects on the 'Bulletin Board' of the exchange, which is a marketing platform for Chinese and overseas resource / energy projects. The TMEx is an international mining platform co-founded by the Ministry of Land and Resource of China, the Tianjin Municipal Government and the China Mining Association.

Further, the Group is also looking at other resource projects that can increase shareholders' wealth and meet the Company's short term objectives and long term growth strategy.

Corporate Activities

- i) In September 2012 the Company issued 750,000 unlisted options under its Employee Incentive Scheme to the Company Secretary of the Company.
- ii) Shareholders approved the additional 10% placement share capacity under ASX Listing Rule 7.1A at the Company's annual general meeting in November 2012. The effect is to allow Directors to issue securities up to 10% of the Company's fully paid ordinary securities on issue up to 12 months after the meeting without needing subsequent shareholder approval and without using the Company's existing 15% annual placement capacity. The Company may use the 10% placement capacity for the continued development of the Company's current Sargon coal and Centauri-1 Power Station projects, as well as for the acquisition of new resources assets and investments.

Directors' Report

LIKELY DEVELOPMENTS

Other than those matters disclosed elsewhere in this report, there are no likely developments in the operations of the Company that were not finalised at the date of this report. Further information as to likely developments in the operations of the Company and likely results of those operations would in the opinion of the Directors, be likely to result in unreasonable prejudice to the Company.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* for the half year ended 31 December 2012 has been received and can be found on page 5.

AUDITOR

HLB Mann Judd continues in office in accordance with section 327 of the Corporation Act 2001.

Signed in accordance with a resolution of the Directors made pursuant to Section 306(3) of the *Corporations Act 2001*.

John I Arndell

Non-Executive Chairman

Perth

22 February 2013

*Competent Persons Statement

The information in this report relating to JORC results is based on information compiled by Dierdre Westblade of Westby Consulting Pty Ltd, Western Australia.

Dierdre Westblade is a member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a competent person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dierdre Westblade consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.



AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Eneabba Gas Limited for the half-year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia 22 February 2013

L DI GIALLONARDO Partner, HLB Mann Judd

Siallounds.

Condensed Consolidated Statement of Comprehensive Income

For the half year ended 31 December 2012

| | | Consolidated 31 December 2012 | Consolidated 31 December 2011 |
|--|----------|--|--|
| | Note | \$ | \$ |
| Revenue from continuing operations Finance income Other income | | 73,036 7,553 | 11,975 6,558 |
| Total revenue from continuing operations | _ | 80,589 | 18,533 |
| Feasibility study costs Employee benefits & financial administration, insurance and compliance costs | 0 | (7,759) (69,925) | (8,574) (154,767) |
| Share-based payments Depreciation Loss on disposal of property, plant and equipment Provision for write-down of inventory Other expenses | 8 | (12,956) (9,794) - - (167,866) | (193,852) (11,083) (7,796) (115,181) (144,889) |
| Total expenses from continuing operations | _ | (268,300) | (636,142) |
| Loss before income tax expense | - - | (187,711) | (617,609) |
| Income tax benefit / (expense) | 2 | 303,720 | - |
| Net profit / (loss) for the period | _ | 116,009 | (617,609) |
| Other comprehensive income, net of income tax Total comprehensive income / (loss) for the half year | <u>-</u> | 116,009 | (617,609) |
| Total comprehensive income / (loss) for the period attributable to: | | | |
| Eneabba Gas Limited | <u>-</u> | 116,009 | (617,609) |
| Basic and diluted earnings / (loss) per share - cents per share | | 0.07 | (0.57) |

The above Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Financial Position

As at 31 December 2012

| | Note | Consolidated 31 December 2012 \$ | Consolidated 30 June 2012 \$ |
|--|------|---|---------------------------------------|
| ASSETS | | • | · |
| Current assets | | 1 000 066 | 1 (21 400 |
| Cash and cash equivalents Receivables | | 1,909,066 358,616 | 1,631,489 729,715 |
| Prepayments | | - | 3,833 |
| Total current assets | , | 2,267,682 | 2,365,037 |
| Non-acceptance to the control of the | | | |
| Non-current assets Exploration and evaluation expenditure | 3 | 1,801,519 | 1,635,974 |
| Property, plant and equipment | 3 | 1,725,533 | 1,735,327 |
| Total non-current assets | , | 3,527,052 | 3,371,301 |
| TOTAL ACCETS | | F 704 724 | F 726 220 |
| TOTAL ASSETS | , | 5,794,734 | 5,736,338 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | | 88,040 | 158,609 |
| Total current liabilities | • | 88,040 | 158,609 |
| TOTAL LIABILITIES | | 99.040 | 159.600 |
| TOTAL LIABILITIES | • | 88,040 | 158,609 |
| NET ASSETS | • | 5,706,694 | 5,577,729 |
| | • | | _ |
| EQUITY Issued capital | 5 | 13,254,665 | 13,254,665 |
| Reserves | J | 1,314,515 | 1,301,559 |
| Accumulated losses | | (8,862,486) | (8,978,495) |
| TOTAL EQUITY | • | 5,706,694 | 5,577,729 |

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Changes in Equity For the half year ended 31 December 2012

| 2012 CONSOLIDATED | Note | Issued Capital \$ | Option Reserve \$ | Accumulated Losses \$ | Total Equity \$ |
|--|------|-------------------------|-------------------------|-----------------------------|-------------------------------|
| Total equity at 1 July 2012 | | 13,254,665 | 1,301,559 | (8,978,495) | 5,577,729 |
| Total comprehensive income / (loss) for the period | | - | - | 116,009 | 116,009 |
| Transactions with equity holders: Share-based payments | 8 | - | 12,956 | - | 12,956 |
| Total equity at 31 December 2012 | | 13,254,665 | 1,314,515 | (8,862,486) | 5,706,694 |
| 2011 CONSOLIDATED | | | | | |
| Total equity at 1 July 2011 | | 11,189,034 | 1,072,840 | (8,275,026) | 3,986,848 |
| Total comprehensive income / (loss) for the period | | - | - | (617,609) | (617,609) |
| Transactions with equity holders: Contributions of equity, net of transaction costs Options issued Share based payments | | 2,068,665 - - | - 1,500 193,852 | - - - | 2,068,665 1,500 193,852 |
| Total equity at 31 December 2011 | • | 13,257,699 | 1,268,192 | (8,892,635) | 5,633,256 |

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Cash Flows

For the half year ended 31 December 2012

| | Consolidated 31 December 2012 \$ | |
|--|---|-----------------------------------|
| Cash flows from operating activities | | |
| Receipts from customers & sale of inventory gas | 514,647 | 18,357 |
| Research & development tax offset | 215,067 | - |
| Payments to suppliers and employees | (320,233) | (512,718) |
| Lease income – pastoral | 7,553 | - |
| Interest received | 26,087 | 11,975 |
| Net cash received / (used in) operating activities | 443,121 | (482,386) |
| Cash flows from investing activities Payments for exploration expenditure Payments for plant and equipment Net cash used in investing activities | (165,544) - (165,544) | (17,655) (91,848) (109,503) |
| Cash flows from financing activities | | |
| Proceeds from the issue of shares | - | 1,961,513 |
| Proceeds from issue of options | - | 1,500 |
| Repayment of directors' loans | - | (140,494) |
| Payments for share or option issue or costs | - | (152,354) |
| Net cash provided by financing activities | - | 1,670,165 |
| | | |
| Net increase in cash and cash equivalents | 277,577 | 1,078,276 |
| Cash and cash equivalents at the beginning of the period | 1,631,489 | 394,921 |
| Cash and cash equivalents at the end of the period | 1,909,066 | 1,473,197 |

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the half year ended 31 December 2012

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Eneabba Gas Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the half year ended 31 December 2012 covers the Company and its subsidiaries (together referred to as the "Group").

STATEMENT OF COMPLIANCE

These interim consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed interim report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2012 and any public announcements made by Eneabba Gas Limited during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

This consolidated interim financial report was approved by the Board of Directors on 22 February 2013.

BASIS OF PREPARATION

The interim report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the period has been treated as a discrete reporting period.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY ESTIMATES

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2012.

ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2012.

Notes to the Financial Statements

For the half year ended 31 December 2012

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS (CONTINUED)

In the half-year ended 31 December 2012, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2012.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2012. The Directors have decided against early adoption of any new Standards and Interpretations. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

NOTE 2 - INCOME TAX

| | 31 December 2012 \$ | 31 December 2011 \$ | |
|--------------------------------|---------------------------|---------------------------|--|
| Income tax | | | |
| Income tax benefit / (expense) | 303,720 | - | |

The income tax benefit in the current period relates to the recognition of a research and development tax offset from the Australian Taxation Office which relates to exploration and evaluation expenditure incurred on the Company's UCG project in the 2010 financial year.

The research and development tax offset was recognised as a receivable at 31 December 2012 and was subsequently received by the Company in January 2013.

NOTE 3 - EXPLORATION AND EVALUATION EXPENDITURE

| | 31 December 2012 \$ | 30 June 2012 \$ |
|---|---------------------------|-----------------------|
| Costs carried forward in respect of areas of interest in the following phases: | · | · |
| Exploration and evaluation | | |
| Exploration and evaluation expenditure, at cost | 1,801,519 | 1,635,974 |
| Reconciliation: A reconciliation of the carrying amounts of exploration and evaluation expenditure is set out below: | | |
| Carrying amount at beginning of period | 1,635,974 | 1,583,482 |
| Additions | 165,545 | 52,492 |
| | 103,313 | 32,132 |
| Impairment | | |
| Carrying amount at end of period | 1,801,519 | 1,635,974 |

Notes to the Financial Statements

For the half year ended 31 December 2012

NOTE 4 – EXPLORATION COMMITMENTS

Exploration commitments - Sargon tenement (E70/2758)

In order to maintain rights of tenure to exploration permits, the Group has certain obligations to perform minimum exploration work and expend minimum amounts of money.

These commitments may be varied as a result of renegotiations, relinquishments, farmouts, sales or carrying out work in excess of the permit obligations.

The minimum expenditure required by the Group on its exploration permit as at 31 December 2012 is estimated below. Commitments beyond the time frame below cannot be estimated reliably as minimum expenditure requirements are reassessed annually. These commitments have not been provided for in the financial report.

| | 2012 \$ | 2012 \$ | | |
|--|-------------------------------------|-----------------------------|---------------------------------|---------------------------------------|
| Within one year | 138,000 | 140,000 | | |
| NOTE 5 - ISSUED CAPITAL | 31 December 2012 No of shares | 31 December 2012 \$ | 30 June 2012 No of shares | 30 June 2012 \$ |
| (a) Issued and Paid Up Capital Fully paid ordinary shares | 160,418,038 | 13,254,665 | 160,418,038 | 13,254,665 |
| (b) Movements in fully paid shares on issue Balance at start of period Shares in relation to capital raisings Capital raising costs | 160,418,038 - - | 13,254,665 - - | 86,384,055 74,033,983 | 11,189,034 2,221,019 (155,388) |

160,418,038

31 December

30 June

13,254,665 160,418,038

13,254,665

NOTE 6 - RELATED PARTY TRANSACTIONS

a) Other related party transactions

Balance at end of period

Transactions with other related parties are made on normal commercial terms and conditions and at market rates. Outstanding balances are unsecured and are repayable in cash.

Ventnor Capital Pty Ltd, a company of which Mr Morgan Barron is a Director, provides the Company with company secretarial services, office accommodation and corporate services in relation to the administration of the Company on normal commercial terms.

Fees paid to Ventnor Capital Pty Ltd during the half year ended 31 December 2012 were \$67,731. Fees payable to Ventnor Capital Pty Ltd as at 31 December 2012 were \$10,709 (inc GST).

Share options were issued to the Company Secretary under the Company's employee incentive scheme. Refer to Note 8 for details.

Notes to the Financial Statements

For the half year ended 31 December 2012

NOTE 6 - RELATED PARTY TRANSACTIONS (CONTINUED)

Other related party transactions that occurred during the period were various loans from the parent company to its subsidiaries, mainly Eneabba Energy Pty Ltd and Eneabba Mining Pty Ltd.

NOTE 7- SEGMENT REPORTING

Description of segments

The Group conducts operations in two operating 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.

The following table presents the revenue and profit information regarding the segment information provided to the Board of Directors for the half-year period ended 31 December 2012.

| | Electricity Generation \$ | Mineral Exploration \$ | Consolidated \$ |
|--|---------------------------------|------------------------------|---|
| 31 December 2012 Segment revenue | 7,553 | - | 7,553 |
| Segment result Unallocated income Unallocated expenses Results from operating activities before tax Less: discontinued operation Results from continuing operations before tax | (206) | - | (206) 73,036 (260,541) (187,711) - (187,711) |
| Segment assets Unallocated assets Total assets | 1,725,533 | 1,801,519 | 3,527,052 2,267,682 5,794,734 |
| Included within segment result: Depreciation Interest revenue | | | 9,794 73,036 |
| 31 December 2011 Segment revenue | 6,558 | - | 6,558 |
| Segment result Unallocated expenses Results from operating activities before tax Less: discontinued operation Results from continuing operations before tax | (123,995) - - | (42,823) - - | (166,818) (450,791) (617,609) (617,609) |
| Segment assets Unallocated assets Total assets | 1,628,243 | 1,602,955 | 3,231,198 2,453,298 5,684,496 |
| Included within segment result: Depreciation Interest revenue | | | 11,083 11,975 - 13 - |

Notes to the Financial Statements

For the half year ended 31 December 2012

NOTE 8 - SHARE BASED PAYMENT

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period were as follows:

| Share-based payments: | \$ |
|--|----------------|
| Director options - issued in prior period (expensed over vesting period) 750,000 Options issued to Company Secretary under EIS | 4,400 8,556 |
| · | 12,956 |

1. Options issued to the Company Secretary under EIS

On 10 September 2012 the Company issued 750,000 Options to Brett Tucker as Company Secretary as announced to the ASX on 10 September 2012. These options were granted under the Company's Employee Incentive Scheme which was approved by shareholders at the 2011 AGM. Upon exercise of the options into ordinary fully paid shares, the allotted and issued shared will rank equally in all respects with an existing class of quoted securities. There are no voting rights attached, the options are not transferable and they may be exercised at any time until 31 August 2014.

The 500,000 options exercisable at \$0.05 are due to vest on 1 January 2013, with the balance of 250,000 options exercisable at \$0.075 are due to vest on 30 September 2013.

The details of the options issued to the Company Secretary are as follows:

| 2012 | | | | | | | | |
|---------|-----------------------------------|--------------------------------|---------------------------------|----------------|---------------------------|--------------------------|----|----|
| Granted | Terms & Conditions for each Grant | | | Vested | | | | |
| # | Grant Date | Fair Value at Grant Date | Exercise Price per Option | Expiry Date | First Exercise Date | Last Exercise Date | No | % |
| 500,000 | 10/09/12 | \$0.0156 | \$0.05 | 31/08/14 | ı | - | - | 0% |
| 250,000 | 10/09/12 | \$0.0104 | \$0.075 | 31/08/14 | - | - | - | 0% |

Fair value of options granted

The fair value at grant date of the options has been determined using a Black & Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The table below summarises the model inputs for the options granted to the Company Secretary during the period:

| Model Inputs | Options | Options |
|--|-------------------|-------------------|
| 1. Options granted for no consideration: | 500,000 | 250,000 |
| 2. Exercise price (cents): | 5.00 | 7.50 |
| 3. Valuation date: | 10 September 2012 | 10 September 2012 |
| 4. Expiry date: | 31 August 2014 | 31 August 2014 |
| 5. Underlying security spot price at grant date (cents): | 4.40 | 4.40 |
| 6. Expected price volatility of the Company's shares: | 70% | 70% |
| 7. Expected dividend yield: | 0% | 0% |
| 8. Risk-free interest rate | 2.69% | 2.69% |

Notes to the Financial Statements

For the half year ended 31 December 2012

NOTE 9 - CONTINGENT ASSETS & LIABILITIES

The Directors are not aware of any contingent assets or liabilities that currently affect the Group since the last reporting date.

NOTE 10 - SUBSEQUENT EVENTS

The Company applied to the Australian Securities Investment Commission for the voluntary deregistration of its fully owned subsidiaries Eneabba Power Pty Ltd and Eneabba Holdings Pty Ltd in December 2012. The applications to deregister these companies were finalised in January 2013.

These subsidiaries were dormant and have been deregistered in order to reduce the administrative cost to the Group.

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

Directors' Declaration

In the opinion of the directors of Eneabba Gas Limited ('the Company'):

- 1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the Group's financial position as at 31 December 2012 and of its performance for the half year then ended.
- 2. 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 is signed in accordance with a resolution of the Board of Directors made pursuant to s.303 (5) of the Corporations Act 2001.

On behalf of the board

John I Arndell

Non-Executive Chairman

Perth

22 February 2013



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Eneabba Gas Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Eneabba Gas Limited ("the company") which comprises the condensed statement of financial position as at 31 December 2012, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

HLB Mann Judd (WA Partnership) is a member of HLB

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



Matters relating to the electronic presentation of the reviewed half-year financial report

This review report relates to the half-year financial report of the consolidated entity for the half-year ended 31 December 2012 included on the company's website. The company's directors are responsible for the integrity of the company's website. We have not been engaged to report on the integrity of this website. The review report refers only to the half-year financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the half-year financial report. If users of the half-year financial report are concerned with the inherent risks arising from publication on a website they are advised to refer to the hard copy of the reviewed half-year financial report to confirm the information contained in this website version of the half-year financial report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Eneabba Gas Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

HLB MANN JUDD Chartered Accountants

HLB Mann Judd

Siallounds.

Perth, Western Australia 22 February 2013

L DI GIALLONARDO Partner