

# ENEABBA GAS LIMITED – HALF-YEAR REPORT

## Appendix 4D

Eneabba Gas Limited and Controlled Entities

**ABN 69 107 385 884**

### Half Year ended 31 December 2015 - Additional Disclosures

#### 1. Reporting periods

Half year ended (‘Current period’)	Half year ended (‘Previous corresponding period’)
31 December 2015	31 December 2014

#### 2. Results for announcement to the market

				\$A'000
Revenues from ordinary activities	Down	43%	to	22
Profit / (loss) from ordinary activities after tax attributable to members	Down	343%	to	(429)
Profit / (loss) for the period attributable to members	Down	343%	to	(429)

**Brief explanation of above figures** – Revenues dropped in the current period due to lower interest income.

The operating loss for the Company was higher due to increased expenditure on the evaluation of additional power and energy projects, including the Ocean Hill Gas Project and EP 447, and share based payments expense relating to options issued during the 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	1.74 cents / share	1.68 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.

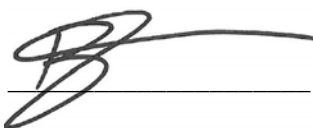
### 9. Independent Review Report

Refer to the Independent Review Report on page 21 and page 22 of the attached Financial Report for the half year ended 31 December 2015.

### 10. Compliance statement

This report should be read in conjunction with the attached Half Year Financial Report for the half year ended 31 December 2015.

Sign here:



Date: 26<sup>th</sup> February 2016

Print name:

Brett Tucker



**INTERIM FINANCIAL REPORT**  
**for the half year ended 31 December 2015**



**ENEABBA GAS LIMITED**  
**ABN: 69 107 385 884**

**CONTENTS**

CORPORATE INFORMATION.....	1
DIRECTORS' REPORT.....	2
AUDITOR'S INDEPENDENCE DECLARATION.....	7
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....	8
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	9
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY .....	10
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS .....	11
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS .....	12
DIRECTORS' DECLARATION .....	20
INDEPENDENT AUDITOR'S REVIEW REPORT .....	21

This financial report covers Eneabba Gas Limited ("Eneabba" or the "Company") as a Group consisting of Eneabba Gas Limited and its subsidiaries, collectively referred to as the "Group". The financial report is presented in Australian currency.

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

Eneabba Gas Limited  
Ground Floor  
16 Ord Street  
West Perth WA 6005

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

**ENEABBA GAS LIMITED**  
**ABN: 69 107 385 884**

**CORPORATE INFORMATION**

**Directors:**

Garry Marsden  
*Non-Executive Chairman*

Barnaby Egerton-Warburton  
*Managing Director*

Morgan Barron  
*Non-Executive Director*

Thomas Goh  
*Non-Executive Director*

**Company Secretary:**

Brett Tucker

**Auditors:**

HLB Mann Judd  
Level 4, 130 Stirling Street  
PERTH WA 6000

**Bankers:**

Westpac Banking Corporation  
109 St Georges Terrace  
PERTH WA 6000

**Solicitors:**

GTP Legal  
68 Aberdeen Street  
PERTH WA 6003

**Registered & Principal Office:**

Ground Floor  
16 Ord Street  
WEST PERTH WA 6005  
Telephone: + 618 9321 0555  
Facsimile: + 618 9482 0505  
Email: [info@eneabbagas.com.au](mailto:info@eneabbagas.com.au)  
Website: [www.eneabbagas.com.au](http://www.eneabbagas.com.au)

**Postal Address:**

P.O. Box 902  
WEST PERTH WA 6872

**Home Securities Exchange:**

Australian Securities Exchange Limited  
Level 8, Exchange Plaza  
2 The Esplanade  
PERTH WA 6000

**ASX Code:**

ENB (Ordinary Shares)

**Share Registry:**

Security Transfers Registrars Pty Ltd  
770 Canning Highway  
APPLECROSS WA 6153  
Telephone: +618 9315 2333

**ENEABBA GAS LIMITED**  
**ABN: 69 107 385 884**

**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 2015. 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 or since the end of the half year and until the date of this report are as follows:

Garry Marsden	Non-Executive Chairman
Barnaby Egerton-Warburton	Managing Director (appointed 1 August 2015)
Morgan Barron	Non-Executive Director
Thomas Goh	Non-Executive Director

Directors were in office for this entire period unless otherwise stated.

**PRINCIPAL ACTIVITIES**

Eneabba Gas Limited is a diversified Australian Energy company. Eneabba owns the fully permitted rights to construct and operate the 168MW Centauri-1 Power Station and a portfolio of onshore Perth Basin Gas assets including the Ocean Hill Gas project (100%) and 50% of EP 447 with partner UIL Energy Limited.

**RESULTS**

The net loss after income tax for the half year ended 31 December 2015 amounted to \$429,153 (2014: \$176,960). The net loss is due to the evaluation of power and energy projects, due diligence and marketing costs related to the Ocean Hill Gas and EP 447 Projects, as well as power plant feasibility costs, share based payments and administration costs relating to an ASX listed entity.

**DIVIDENDS**

There were no dividends paid or declared during the year.

**OPERATING REVIEW**

Eneabba Gas Limited is pleased to provide the following update on the company's Perth basin portfolio activity.

**Ocean Hill Project**

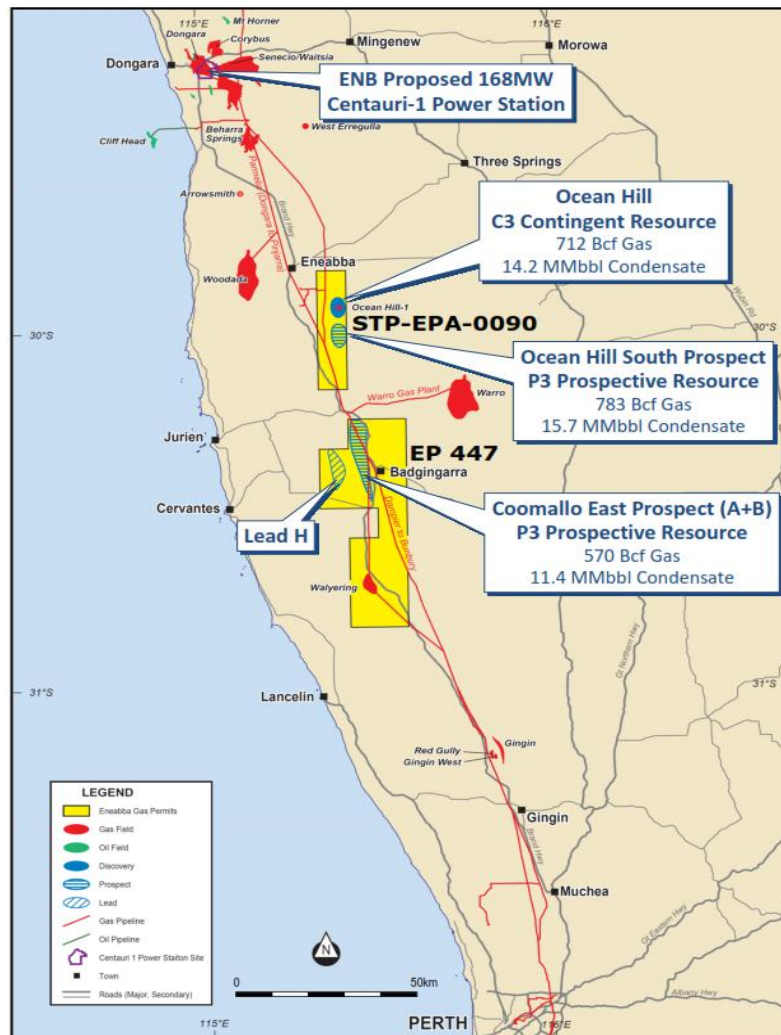
The Company announced on 27 November 2015, that the vendor of the Ocean Hill Project, Black Rock Mining Limited ((ASX: BKT) (Formerly Green Rock Energy Limited)), has advised that a significant condition precedent to the settlement of the Ocean Hill Project to Eneabba has been completed following the signing of the Amangu native title agreement by the Amangu Traditional Owner Group.

Subject to the remaining conditions precedent being completed as announced by BKT on 27 November 2015, Eneabba looks forward to completion of the acquisition of the Ocean Hill Project.

**ENEABBA GAS LIMITED**  
**ABN: 69 107 385 884**

**OPERATING REVIEW (CONTINUED)**

**Ocean Hill Project (continued)**



The Ocean Hill project covers some 298 sq. kms (75,000 acres/ 29,800 hectares) and has a C3 contingent resource of 712 BCF of gas and 14.2 million barrels of condensate. The project is located approximately 220Km north of Perth and just south of the town of Eneabba.

The Ocean Hill Gas discovery was made by SAGASGO in 1991 with the drilling of the Ocean Hill # 1 well which intersected 800m of gas shows with 100 metres of interpreted net gas pay. On test the well flowed 700 MCFPD and 17 BCPD. Gas price dynamics at the time meant that the well was sub-economic.

A post drill engineering report found that it was highly likely that drilling techniques were a possible cause of the low flow rates due to formation damage.





**ENEABBA GAS LIMITED**  
**ABN: 69 107 385 884**

**CORPORATE REVIEW**

Pursuant to shareholder approval at the 2015 Annual General Meeting, Directors' and Incentive Options were issued.

Unlisted Director and Incentive Options

The options issued to Directors were issued on the following terms and conditions:

<b>Date Granted</b>	<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Issued During the period</b>
10 November 2015	16 November 2018	\$0.06	7,000,000
10 November 2015	16 November 2018	\$0.06	2,000,000 <sup>(1)</sup>
10 November 2015	16 November 2018	\$0.08	7,000,000 <sup>(1)</sup>
10 November 2015	16 November 2018	\$0.08	2,000,000 <sup>(1)</sup>

<sup>(1)</sup> These options have various vesting conditions attached.

There are no voting rights attached, the options are not transferable and all options expire on 16 November 2018.

**SUBSEQUENT EVENTS**

As announced on 25 February 2016 the Company entered into a binding agreement for the sale of its Perth Basin exploration to UIL Energy Limited (ASX: **UIL**). Pursuant to the Share Sale Agreement ("SSA"), UIL Energy will purchase Eneabba Gas's two subsidiaries, Oceanhill Pty Ltd and GCC Methane Pty Ltd that respectively own the Ocean Hill prospect (EPA90) and 50% of EP447 (providing UIL Energy with 100% of EP447).

On completion of the SSA, UIL Energy will issue to Eneabba Gas a total of 90 million convertible redeemable preference shares in UIL Energy (CRPS) which Eneabba Gas will, after completion of the SSA, distribute pro-rata to its shareholders. Immediately upon distribution to the shareholders of Eneabba Gas, 55 million of these CRPS will automatically convert into 55 million ordinary shares in UIL that will rank equally with current UIL ordinary shares.

The remaining 35 million convertible redeemable preference shares (CRPS) distributed to the shareholders of Eneabba Gas will later convert into ordinary UIL Energy shares in the event of successful results from drilling Ocean Hill#2 well. A successful well is defined as gas flow producing at commercial rates and agreement on a further appraisal well. The CRPS can be redeemed by UIL Energy for a nominal amount if the terms relating to issue are not satisfied by a deemed successful well or if a well is not spudded before the long stop date of 31 December 2019.

Completion of the transaction is subject to certain terms and conditions that include:

- Eneabba Gas Limited becoming the sole registered and beneficial owner of EPA90 permit and the issue of the exploration permit in respect of EPA90;
- Eneabba Gas shareholders approving the SSA;
- UIL Energy shareholders approving the SSA; and
- Lodgement by Eneabba Gas of a prospectus in respect of the in specie distribution of the UIL Energy CRPS to Eneabba Gas shareholders.

Other than described above, no other matter or circumstance has arisen since the end of the financial period 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 subsequent financial years.

**ENEABBA GAS LIMITED**  
**ABN: 69 107 385 884**

**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 2015 has been received and can be found on page 7.

**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.



**Garry Marsden**  
**Non-Executive Chairman**  
26 February 2016

**Competent Person's Statement**

The reserve and resource information contained in this announcement is based on, and fairly represents information and supporting documentation prepared by and under the supervision of qualified petroleum reserves and resource evaluator, Dr Bevan Warris. Dr Warris is a Certified Petroleum Geologist BSc (Hons), PhD, AAPG, and has over 48 years' experience in petroleum exploration. Dr Warris has consented in writing to the inclusion of this information in the format and context in which it appears.

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the consolidated financial report of Eneabba Gas Limited for the half-year ended 31 December 2015, 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  
26 February 2016**



**L Di Giallonardo  
Partner**

**ENEABBA GAS LIMITED**  
**ABN: 69 107 385 884**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

For the half year ended 31 December 2015

	Consolidated 31 December 2015 \$	31 December 2014 \$
<b>Revenue</b>		
Finance income	14,706	31,320
Other income	7,163	7,063
<b>Total revenue</b>	<b>21,869</b>	<b>38,383</b>
Feasibility study costs	(17,188)	(12,174)
Depreciation	(6,914)	(8,774)
Employee expenses	(167,261)	(65,670)
Share based payments	(81,970)	-
Other expenses	(177,689)	(128,725)
<b>Total costs</b>	<b>(451,022)</b>	<b>(215,343)</b>
<b>Loss before income tax expense</b>	<b>(429,153)</b>	<b>(176,960)</b>
Income tax expense	-	-
<b>Net loss for the period</b>	<b>(429,153)</b>	<b>(176,960)</b>
Other comprehensive income	-	-
<b>Total comprehensive loss for the half year</b>	<b>(429,153)</b>	<b>(176,960)</b>
Basic & Diluted Loss per share – cents per share	(0.16)	(0.10)

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

**ENEABBA GAS LIMITED**  
**ABN: 69 107 385 884**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
As at 31 December 2015

		<b>Consolidated</b>	
		<b>31 December</b>	<b>30 June</b>
		<b>2015</b>	<b>2015</b>
		<b>\$</b>	<b>\$</b>
<b>Note</b>			
<b>ASSETS</b>			
<b>Current assets</b>			
		1,172,455	1,499,991
		14,708	13,312
		7,322	4,476
		<b>1,194,485</b>	<b>1,517,779</b>
<b>Non-current assets</b>			
	2	855,506	850,000
		1,672,969	1,679,883
	3	50,803	50,803
		<b>2,579,278</b>	<b>2,580,686</b>
		<b>3,773,763</b>	<b>4,098,465</b>
<b>TOTAL ASSETS</b>			
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
		70,186	53,705
		<b>70,186</b>	<b>53,705</b>
		<b>70,186</b>	<b>53,705</b>
<b>TOTAL LIABILITIES</b>			
		<b>3,703,577</b>	<b>4,044,760</b>
<b>NET ASSETS</b>			
<b>EQUITY</b>			
	4	14,255,958	14,249,958
	4	207,842	128,625
		(10,760,223)	(10,333,823)
		<b>3,703,577</b>	<b>4,044,760</b>

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

**ENEABBA GAS LIMITED**  
**ABN: 69 107 385 884**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the half year ended 31 December 2015

**Consolidated 2014**

**Total equity at 1 July 2014**

Total comprehensive loss for the period

**Transactions with equity holders:**

Share-based payments

Issue of shares

Capital raising costs

**Total equity at 31 December 2014**

<b>Issued Capital</b>	<b>Option Reserve</b>	<b>Accumulated Losses</b>	<b>Total Equity</b>
<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
13,254,665	1,315,738	(11,136,325)	3,434,078
-	-	(176,960)	(176,960)
-	127,125	-	127,125
1,203,135	-	-	1,203,135
(211,771)	-	-	(211,771)
<b>14,246,029</b>	<b>1,442,863</b>	<b>(11,313,285)</b>	<b>4,375,607</b>

**Consolidated 2015**

**Total equity at 1 July 2015**

Total comprehensive loss for the period

**Transactions with equity holders:**

Share-based payments

Exercise of options

**Total equity at 31 December 2015**

<b>Issued Capital</b>	<b>Option Reserve</b>	<b>Accumulated Losses</b>	<b>Total Equity</b>
<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>14,249,958</b>	<b>128,625</b>	<b>(10,333,823)</b>	<b>4,044,760</b>
-	-	(429,153)	(429,153)
-	81,970	-	81,970
6,000	(2,753)	2,753	6,000
<b>14,255,958</b>	<b>207,842</b>	<b>(10,760,223)</b>	<b>3,703,577</b>

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

**ENEABBA GAS LIMITED**  
**ABN: 69 107 385 884**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the half year ended 31 December 2015

	Consolidated 31 December 2015 \$	31 December 2014 \$
<i>Cash flows from operating activities</i>		
Interest received	9,927	33,074
Lease income – pastoral	7,163	7,063
Payments to suppliers and employees	(171,602)	(176,465)
Project marketing costs and due diligence	(156,330)	(8,500)
Power station feasibility costs	(17,188)	(12,174)
<b>Net cash used in operating activities</b>	<b>(328,030)</b>	<b>(157,002)</b>
<i>Cash flows from investing activities</i>		
Payments for exploration expenditure	-	(16,399)
Payments for Ocean Hill non-refundable deposit	-	(30,000)
Payments for Ocean Hill acquisition costs	(5,506)	(26,663)
<b>Net cash used in investing activities</b>	<b>(5,506)</b>	<b>(73,062)</b>
<i>Cash flows from financing activities</i>		
Proceeds from issues of shares and options	6,000	1,203,135
Capital raising costs	-	(84,646)
<b>Net cash provided by financing activities</b>	<b>6,000</b>	<b>1,118,489</b>
Net increase / (decrease) in cash and cash equivalents	(327,536)	888,425
Cash and cash equivalents at the beginning of the period	1,499,991	1,776,964
<b>Cash and cash equivalents at the end of the period</b>	<b>1,172,455</b>	<b>2,665,389</b>

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

**ENEABBA GAS LIMITED**  
**ABN: 69 107 385 884**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the half year ended 31 December 2015

**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 2015 comprises the Company and its subsidiaries (collectively 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 financial 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 2015 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 26 February 2016.

**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 2015.

**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 2015.

In the half-year ended 31 December 2015, 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 2015.

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.



**ENEABBA GAS LIMITED**  
**ABN: 69 107 385 884**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
For the half year ended 31 December 2015

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS (CONTINUED)**

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 2015. 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: EXPLORATION AND EVALUATION EXPENDITURE**

	<b>Consolidated</b>	
	<b>Six months to 31 December 2015</b>	<b>Year to 30 June 2015</b>
	<b>\$</b>	<b>\$</b>
Exploration and evaluation expenditure	855,506	850,000
Carrying amount at beginning of period	850,000	-
Additions	5,506	850,000
<b>Carrying amount at period end – exploration and evaluation phase</b>	<b>855,506</b>	<b>850,000</b>

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phase is dependent on the successful development and commercial exploitation or sale of the respective areas.

**Exploration Commitments**

In order to maintain rights of tenure to its exploration permit, 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, farm-outs, sales or carrying out work in excess of the permit obligations. The minimum expenditure required by the Group on its exploration permit as at the balance date for the next 12 months as required by the Department of Mines & Petroleum is given below. Commitments beyond this time frame cannot be estimated reliably as minimum expenditure requirements are reassessed annually. These commitments have not been provided for in the financial report, and are payable as follows:

	<b>Consolidated</b>	
	<b>31 December 2015</b>	<b>30 June 2015</b>
	<b>\$</b>	<b>\$</b>
Within one year	1,212,103	845,819
Within two years to five years	3,000,000	3,268,681
Later than five years	-	-
<b>Total</b>	<b>4,212,103</b>	<b>4,114,500</b>

The commitments above reflect the 50% ownership commitments of EP447 to the Company. Subsequent to the end of the period Eneabba entered into a binding agreement for the sale of the 50% ownership of EP447, completion of which is contingent on certain terms and conditions (see Note 6). As such, the Company's commitments remain until the transaction has completed.

**ENEABBA GAS LIMITED**  
**ABN: 69 107 385 884**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the half year ended 31 December 2015

**NOTE 2: EXPLORATION AND EVALUATION EXPENDITURE (CONTINUED)**

The Sargon UCG Project was relinquished during the period and therefore the Company is not required to meet any expenditure commitments in the future and these costs have not been reflected in this note.

Eneabba will be committed to expenditure commitments in relation to the Ocean Hill permit in order to maintain title to the permit when the acquisition is finalised, however as at the balance date, Eneabba has no commitment in relation to the Ocean Hill permit.

**NOTE 3: OTHER NON-CURRENT ASSETS**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June</b>
	<b>2015</b> <b>\$</b>	<b>2015</b> <b>\$</b>
<b>Other Non-Current Assets</b>		
Acquisition costs of Ocean Hill gas project	50,803	50,803
<b>Total Other Non-Current Assets</b>	<b>50,803</b>	<b>50,803</b>

On 22 October 2014, the Company announced it had executed an agreement with ASX Listed Black Rock Mining Limited (formerly Green Rock Energy Limited) ("Black Rock") to acquire 100% of the Ocean Hill Block Application located in the North Perth Basin, Western Australia.

Eneabba and Black Rock entered into a Permit Sale Agreement whereby Eneabba may acquire 100% of the Ocean Hill Block for the following consideration:

- (a) Upfront payment of \$30,000 on signing of binding agreement;
- (b) Cash payment of \$300,000;
- (c) 40,000,000 Eneabba Ordinary Shares; and
- (d) Eneabba to pay applicable native title costs to a maximum of \$75,000.

No consideration shares were issued in the interim period and have not been issued subsequently to date, therefore 40,000,000 consideration shares remain to be issued, and as disclosed in the previous ASX release on 13 November 2015, Eneabba anticipates issuing the consideration shares upon completion of the transaction to acquire the Ocean Hill project following the execution of final native title agreements between the Amangu traditional owner group and Black Rock, and delivery and processing of these agreements by the Department of Mines and Petroleum.

The Ocean Hill acquisition agreement is subject to the following conditions:-

- Completion of due diligence to the satisfaction of Eneabba within 30 days;
- Eneabba obtaining all necessary consents and approvals as are required, including shareholder approvals, approvals under ENB's constitution, the ASX Listing Rules and the Corporations Act, to give effect to the transactions contemplated by this Agreement;
- Execution by Black Rock and the Amangu Native Title Claimants of the Amangu Native Title Agreement to the satisfaction of Eneabba;
- All conditions required by the Department of Minerals and Petroleum being met to enable the grant of the Permit; and
- Black Rock obtaining any consent or approval (including any consent or approval under the Act) required to transfer the Permit from the Vendor to Eneabba or its newly incorporated subsidiary, Ocean Hill Pty Ltd.

**ENEABBA GAS LIMITED**  
**ABN: 69 107 385 884**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
For the half year ended 31 December 2015

**NOTE 3: OTHER NON-CURRENT ASSETS (CONTINUED)**

As part of Black Rock's application for the Ocean Hill permit, Black Rock bid a year one expenditure commitment of \$5 million and a year two expenditure commitment of \$8 million to win the Permit. Eneabba is required to meet these commitments with the Department of Mines and Petroleum when the permit is granted and transferred.

On 21 November 2014 the Company completed due diligence on the Ocean Hill project. As at 31 December 2015, the acquisition of the Project had not been finalised as the Company was waiting on the execution of the native title agreements and subsequent granting of the permit by the Department of Minerals and Petroleum to Black Rock.

A total amount of \$50,803 had been capitalised at 31 December 2015 representing the \$30,000 paid to Black Rock on signing of the Permit Sale Agreement and also \$20,803 in associated legal fees.

**NOTE 4: ISSUED CAPITAL & RESERVES**

**Half-year ended 31 December 2015**

**(a) Issued and Paid Up Capital**

	No.	\$
Fully paid ordinary shares	<b>260,979,312</b>	<b>14,255,958</b>

**(b) Movements in fully paid shares on issue**

Balance as at 1 July 2015	260,679,312	14,249,958
Issue of shares upon exercise of options	300,000	6,000
<b>Balance as at 31 December 2015</b>	<b>260,979,312</b>	<b>14,255,958</b>

**(c) Share Options**

Balance as at 1 July 2015	15,000,000	128,625
Exercise of unlisted options	(300,000)	(2,753)
Issue of director and incentive options	18,000,000	81,970
<b>Balance as at 31 December 2015</b>	<b>32,700,000</b>	<b>207,842</b>

**ENEABBA GAS LIMITED**  
**ABN: 69 107 385 884**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
For the half year ended 31 December 2015

**NOTE 4: ISSUED CAPITAL & RESERVES (CONTINUED)**

**Year ended 30 June 2015**

**(a) Issued and Paid Up Capital**

Fully paid ordinary shares

No.	\$
<b>260,679,312</b>	<b>14,249,958</b>

**(b) Movements in fully paid shares on issue**

Balance as at 1 July 2014	160,418,038	13,254,665
Rights Issue	27,116,447	325,397
Rights issue short fall	73,144,827	877,738
Capital raising costs	-	(207,842)
<b>Balance as at 30 June 2015</b>	<b>260,679,312</b>	<b>14,249,958</b>

**(c) Option Reserve**

Balance as at 1 July 2014	24,000,000	1,315,738
Expiry of options	(24,000,000)	(1,315,738)
Issue of options to underwriter	15,000,000	128,625
<b>Balance as at 30 June 2015</b>	<b>15,000,000</b>	<b>128,625</b>

Unlisted Director and Incentive Options

The options issued to Directors were issued on the following terms and conditions:

Date Granted	Expiry Date	Exercise Price	Issued During the period
10 November 2015	16 November 2018	\$0.06	7,000,000
10 November 2015	16 November 2018	\$0.06	2,000,000 <sup>(1)</sup>
10 November 2015	16 November 2018	\$0.08	7,000,000 <sup>(1)</sup>
10 November 2015	16 November 2018	\$0.08	2,000,000 <sup>(1)</sup>

<sup>(1)</sup> These options have various vesting conditions attached.

There are no voting rights attached, the options are not transferable and all options expire on 16 November 2018.

The details of the options issued are as follows:

2015								
Granted	Terms & Conditions						Vested	
#	Grant Date	Fair Value at Grant Date	Exercise Price per Option	Expiry Date	First Exercise Date	Last Exercise Date	Yes	%
7,000,000	10 Nov 2015	\$0.0134	\$0.06	16 Nov 2018	10 Nov 2015	16 Nov 2018	Yes	100%
2,000,000	10 Nov 2015	\$0.0134	\$0.06	16 Nov 2018	Milestone	16 Nov 2018	No	5%
7,000,000	10 Nov 2015	\$0.0115	\$0.08	16 Nov 2018	16 Sept 2016	16 Nov 2018	No	16%
2,000,000	10 Nov 2015	\$0.0115	\$0.08	16 Nov 2018	Milestone	16 Nov 2018	No	5%

**ENEABBA GAS LIMITED**  
**ABN: 69 107 385 884**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
For the half year ended 31 December 2015

**NOTE 4: ISSUED CAPITAL & RESERVES (CONTINUED)**

**Fair value of options granted**

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

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

<b>Model Inputs</b>				
1. Options granted for consideration of services	7,000,000	2,000,000	7,000,000	2,000,000
2. Exercise price (cents):	6	6	8	8
3. Valuation date:	10/11/2015	10/11/2015	10/11/2015	10/11/2015
4. Expiry date:	16/11/2018	16/11/2018	16/11/2018	16/11/2018
5. Underlying security spot price at grant date (cents):	3.1	3.1	3.1	3.1
6. Expected price volatility of the Company's shares:	90%	90%	90%	90%
7. Expected dividend yield:	0%	0%	0%	0%
8. Risk-free interest rate:	2.06%	2.06%	2.06%	2.06%
9. Discount for lack of marketability	25%	25%	25%	25%

**NOTE 5: SEGMENT REPORTING**

**Description of Segments**

**Segment Reporting**

The Group conducts operations in three operating segments, energy and electricity generation, petroleum exploration and mineral exploration, and one geographic segment, Australia.

**ENEABBA GAS LIMITED**  
**ABN: 69 107 385 884**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
For the half year ended 31 December 2015

**NOTE 5: SEGMENT REPORTING (CONTINUED)**

	Energy & Electricity Generation	Petroleum Exploration	Mineral Exploration	Unallocated	Consolidated
31 December 2015	\$	\$	\$	\$	\$
<b>Segment income</b>					
Interest received	-	-	-	14,706	14,706
Lease Income	7,163	-	-	-	7,163
Total income	7,163	-	-	14,706	21,869
<b>Segment expenses</b>					
Feasibility study costs	(5,619)	(11,569)	-	-	(17,188)
Net other costs	-	-	-	(426,920)	(426,920)
Loss before depreciation	1,544	(11,569)	-	(412,214)	(422,239)
Depreciation	(6,851)	-	(63)	-	(6,914)
Loss before income tax	(5,307)	(11,569)	(63)	(412,214)	(429,153)
<b>Segment assets and liabilities</b>					
Property, plant & equipment	1,672,969	-	-	-	1,672,969
Exploration assets	-	-	855,506	-	855,506
Other Non-current assets	-	-	50,803	-	50,803
Other current assets	-	-	-	1,194,485	1,194,485
Liabilities	-	-	-	(70,186)	(70,186)
Net assets	1,672,969	-	906,309	1,124,299	3,703,577
	Energy & Electricity Generation	Petroleum Exploration	Mineral Exploration	Unallocated	Consolidated
31 December 2014	\$	\$	\$	\$	\$
<b>Segment income</b>					
Interest received	-	-	-	31,320	31,320
Lease Income	7,063	-	-	-	7,063
Total income	7,063	-	-	31,320	38,383
<b>Segment expenses</b>					
Feasibility study costs	(12,174)	-	-	-	(12,174)
Net other costs	-	-	(16,399)	(177,996)	(194,395)
Profit / (Loss) before depreciation	(5,111)	-	(16,399)	(146,676)	(168,186)
Depreciation	(8,774)	-	-	-	(8,774)
Loss before income tax	(13,885)	-	(16,399)	(146,676)	(176,960)
<b>Segment assets and liabilities (30 June 2015)</b>					
Property, plant & equipment	1,679,883	-	-	-	1,679,883
Exploration assets	-	850,000	-	-	850,000
Other non-current assets	-	50,803	-	-	50,803
Other current assets	-	-	-	1,517,779	1,517,779
Liabilities	-	-	-	(53,705)	(53,705)
Net assets	1,679,883	900,803	-	1,464,074	4,044,760

**ENEABBA GAS LIMITED**  
**ABN: 69 107 385 884**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the half year ended 31 December 2015

**NOTE 6: SUBSEQUENT EVENTS**

As announced on 25 February 2016 the Company entered into a binding agreement for the sale of its Perth Basin exploration to UIL Energy Limited (ASX: **UIL**). Pursuant to the Share Sale Agreement ("SSA"), UIL Energy will purchase Eneabba Gas's two subsidiaries, Oceanhill Pty Ltd and GCC Methane Pty Ltd that respectively own the Ocean Hill prospect (EPA90) and 50% of EP447 (providing UIL Energy with 100% of EP447).

On completion of the SSA, UIL Energy will issue to Eneabba Gas a total of 90 million convertible redeemable preference shares in UIL Energy (CRPS) which Eneabba Gas will, after completion of the SSA, distribute pro-rata to its shareholders. Immediately upon distribution to the shareholders of Eneabba Gas, 55 million of these CRPS will automatically convert into 55 million ordinary shares in UIL that will rank equally with current UIL ordinary shares.

The remaining 35 million convertible redeemable preference shares (CRPS) distributed to the shareholders of Eneabba Gas will later convert into ordinary UIL Energy shares in the event of successful results from drilling Ocean Hill#2 well. A successful well is defined as gas flow producing at commercial rates and agreement on a further appraisal well. The CRPS can be redeemed by UIL Energy for a nominal amount if the terms relating to issue are not satisfied by a deemed successful well or if a well is not spudded before the long stop date of 31 December 2019.

Completion of the transaction is subject to certain terms and conditions that include:

- Eneabba Gas Limited becoming the sole registered and beneficial owner of EPA90 permit and the issue of the exploration permit in respect of EPA90;
- Eneabba Gas shareholders approving the SSA;
- UIL Energy shareholders approving the SSA; and
- Lodgement by Eneabba Gas of a prospectus in respect of the in specie distribution of the UIL Energy CRPS to Eneabba Gas shareholders.

Other than described above, no other matter or circumstance has arisen since the end of the financial period 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 subsequent financial years.

**NOTE 7: CONTINGENT ASSETS & LIABILITIES**

The Directors are not aware of any other contingent assets or liabilities that may arise from the Group's operations as at 31 December 2015.

**ENEABBA GAS LIMITED**  
**ABN: 69 107 385 884**

**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 2015 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



**Garry Marsden**  
**Non-Executive Chairman**  
Perth  
26 February 2016



**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 2015, the condensed statement of profit or loss and other 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 group 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 group's financial position as at 31 December 2015 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*

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

*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 group's financial position as at 31 December 2015 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**



**L Di Giallonardo**  
**Partner**

**Perth, Western Australia**  
**26 February 2016**