ENEGEX Limited

ABN 28 160 818 986

HALF YEAR FINANCIAL REPORT

31 December 2016

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CORPORATE DIRECTORY

BOARD OF DIRECTORS
G.A. Menzies (Chairman)
E.G. Albers
R.L. Clark

COMPANY SECRETARY
R.J. Wright

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Stock Exchange Listing
ASX Ltd
Level 4, North Tower, Rialto
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Melbourne, Victoria 3000, Australia

ASX Code:
ENX Ordinary Shares

CURRENCY
The company's functional and presentation currency is Australian Dollars.

Incorporated in the State of Victoria
17 October 2012

DIRECTORS' REPORT

The directors of Enegex Limited **(Enegex or the company**) submit their report on the results of the company for the half year ended 31 December 2016.

The names of the company's directors in office during the half year and until the date of this report are as follows:

Graeme Menzies – Non- Executive Chairman
Geoffrey Albers – Non–Executive Director
Raewyn Clark – Non–Executive Director

In March 2016 the Directors resolved that no directors' fees would be paid to any of the directors in the 2015-2016 financial year and until such time as further resolved.

FINANCIAL RESULTS FOR THE HALF YEAR

The net loss for the half year, after income tax, was $53,854 (2015: $49,318).

DIVIDENDS

No dividend was declared or paid during the half year.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There are no significant changes in the state of affairs for the half year ended 31 December 2016 and to the date of signing this report.

REVIEW OF OPERATIONS

WA-54-R – Greater Cornea Fields, Western Australia, 14.875% interest

The Cornea Joint Venture consists of the following interests:

Enegex Limited	14.875%
Octanex Group. (**ASX Code: OXX)**	18.750%
Cornea Resources Pty Ltd (Operator)	13.100%
Others	53.275%

The Greater Cornea Fields, being the Cornea (Central and South), Focus and Sparkle Oil Fields and the Cornea North (Tear) Gas Field, are located in the Browse Basin, offshore from Western Australia and held via a Retention Lease which covers 6 graticular blocks, amounting to an area of 497km^2.

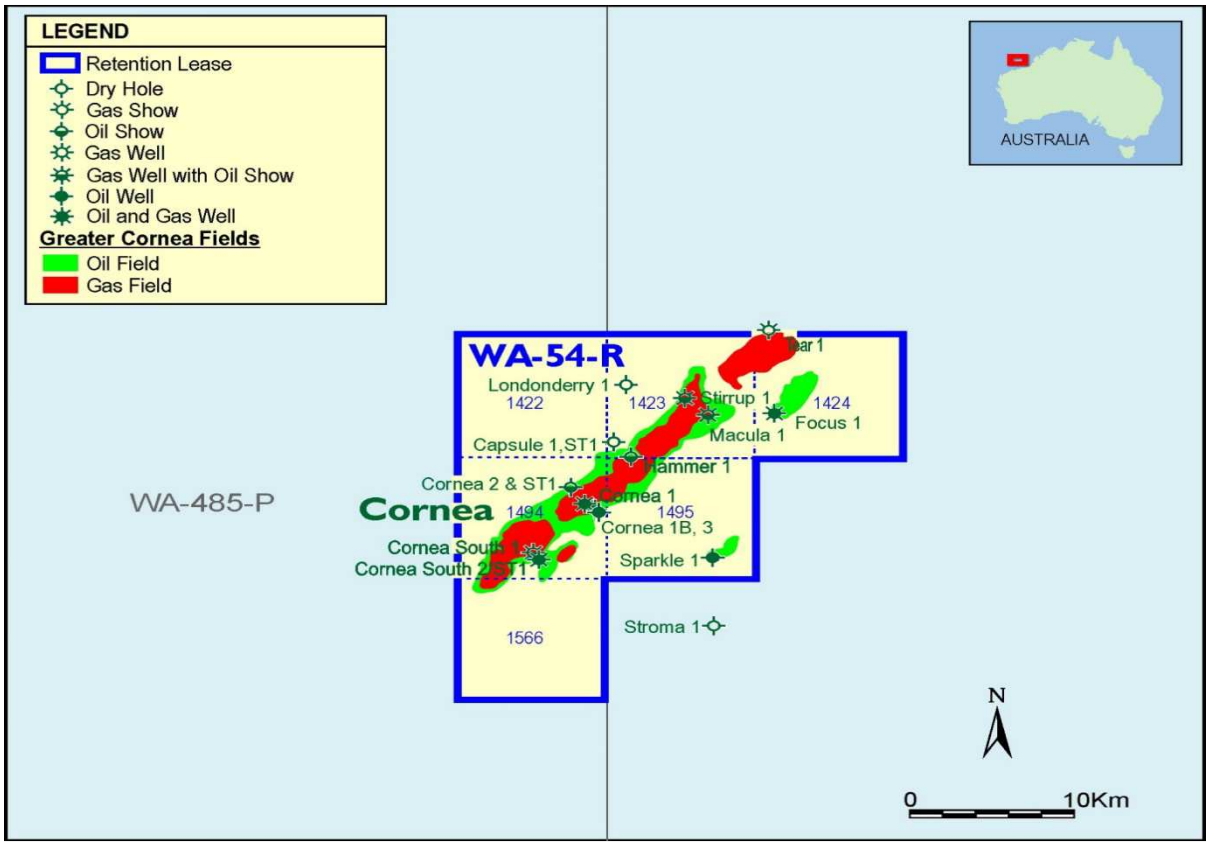

Figure 1 Greater Cornea Field Retention Lease Location Map

The oil volumes in the Greater Cornea Fields are such that, if threshold production flow rates can be demonstrated, but dependent on oil price, the economics may provide the potential for a commercial development. (Refer Table 1).

Middle Albian B & C Sands	Low Estimate (P90)	Best Estimate (P50)	High Estimate (P10)	Units
Total Oil In-place	**298.0**	**411.7**	**567.2**	**mmbbl**
Recovery Factor (RF)	2	7	25	%
Contingent Oil Resources	**7.9**	**28.8**	**101.9**	**mmbbl**
Prospective Enegex Economic Interest*	**1.16**	**4.28**	**15.16**	**mmbbl**

* Based on Enegex's 14.875% Participating Interest in WA-54-R.

Table 1 Probabilistic In-place and Contingent Oil Resources for Cornea Central and South Fields (no development risk applied)

Work Program

The WA-54-R work program is aimed at overcoming the various challenges likely to be faced in bringing the Greater Cornea Fields into commercial production.

At the time the Retention Lease was granted, production uncertainty was considered to be the greatest barrier to the development of the Greater Cornea Fields. Given the potential size of the oil resource, and the oil price then prevailing (in the order of US$110/bbl), it was understood that resolving the production uncertainty could provide a reasonable expectation for future development.

Accordingly, the Retention Lease work program substantially addressed the technical challenges of the Fields; with the first three years of the Lease designed to support the quantification of drilling challenges, culminating in a Year-4 production test, with the Year-5 work programme involving review of the Year-4 outcomes. The work programme was thus designed on the premise that Cornea's challenge was whether it would produce, rather than whether production would be economic.

Recent economic modelling demonstrates the fundamental shift in the field's commerciality in the current sustained low oil price environment, as well as demonstrating that the Greater Cornea Fields are not presently economic (even were the production uncertainties resolved). "Oil price" was identified as the input to which the field is now most sensitive, rather than "production", which was the case in 2013.

Recent technical work has included drilling studies, particularly focusing on the use of technology to address key uncertainties. Additional field development concept work has focussed on an appropriate production system.

Our studies indicate that the material and sustained fall in the price of oil since the grant of the Retention Lease has resulted in an assessment that a development of the Greater Cornea Fields would not be presently commercial, even were the production uncertainties to be resolved.

The Cornea Joint Venture has applied to vary the conditions of WA-54-R in order that the work programme is focussed on the "oil price" barrier to development now faced by the Greater Cornea Fields.

Potential Alliances

In addition to maintaining fiscal discipline and progressing the Retention Lease work program, Enegex remains interested in developing potential alliances for the development of Cornea.

Energy Storage Innovation

With oil prices continuing to languish, we have considered where our future may lie.

Advances are being made with energy storage. Enegex is seeking to become involved in innovations that are transforming the storage of energy. Key benefits associated with this sector include the following:

1. Various forms of energy storage are expected to grow quickly and will promote increased uptake of renewable energy, in particular;

2. Australia is expected to be one of the largest markets for energy storage due to the high cost of electricity, the large number of households already with solar panels and Australia's excellent solar resources; and

3. The potential to reduce two large contributors to the cost of electricity bills in Australia – network and wholesale energy costs.

Our initial initiatives are to investigate and to undertake investment in the following areas:

1. Strategic energy storage minerals such as lithium, cobalt and graphite
2. Energy storage technologies
3. Alternative and renewable energy sources

Our involvement in energy storage and services may take a variety of forms including direct participation, joint venture and equity investment.

A small initial investment in Genex Power Limited (ASX Code GNX) was made during the half year.

SUBSEQUENT EVENTS

An application was made 5 March 2017 to vary the WA-54-R lease work program including replacing the year four well commitment with further studies.

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained an independence declaration as required under section 307C of the Corporations Act 2001 from our auditor, Grant Thornton Audit Pty Ltd, a copy of which is included at page 14.

Signed in accordance with a resolution of the directors

GA Menzies
Director

Melbourne, 8 March 2017

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Enegex Limited, I state that:

In the opinion of the directors:

(a) the financial statements of the company, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes, are in accordance with the Corporations Act 2001 including:

(i) giving a true and fair view of the financial position of the company as at 31 December 2016 and the performance for the half year ended on that date; and

(ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board.

GA Menzies
Director
Melbourne, 8 March 2017

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 December 2016

	NOTE	31/12/2016	31/12/2015
		$	$
Interest income		7,170	4,764
Audit		(7,500)	(7,660)
Consulting		(9,238)	(2,250)
Office costs		(13,937)	(12,579)
Other expenses		(12,943)	(9,686)
Share registry		(2,625)	(7,445)
Stock exchange		(14,781)	(14,462)
Loss before income tax benefit		(53,854)	(49,318)
Income tax benefit		-	-
Net Loss for the half year		(53,854)	(49,318)
Decrease in fair value of available-for-sale financial asset		(900)	-
Total comprehensive income for the half year		(54,754)	(49,318)
Basic loss per share (cents per share)		(0.067)	(0.092)
Diluted loss per share (cents per share)		(0.067)	(0.092)

The above Statement of Profit or loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

AT 31 December 2016

	31/12/2016 $	30/6/2016 $
CURRENT ASSETS		
Cash and cash equivalents	516,186	609,011
Trade and other receivables	3,784	8,776
TOTAL CURRENT ASSETS	519,970	617,787
NON-CURRENT ASSETS		
Available-for-sale financial assets	2,340	-
Exploration and evaluation assets	97,717	89,580
TOTAL NON-CURRENT ASSETS	100,057	89,580
TOTAL ASSETS	620,027	707,367
CURRENT LIABILITIES		
Trade and other payables	37,856	72,392
TOTAL CURRENT LIABILITIES	37,856	72,392
TOTAL LIABILITIES	37,856	72,392
NET ASSETS	582,171	634,975
EQUITY		
Issued capital	1,366,891	1,364,941
Reserves	(900)	-
Accumulated losses	(783,820)	(729,966)
TOTAL EQUITY	582,171	634,975

The above Statement of Financial Position is to be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 December 2016

	Issued capital $	Accumul'd losses $	AFS Reserve $	Total Equity $
At 1 July 2016	1,364,941	(729,966)	-	634,975
Cost of Issue (reversal)	1,950	-	-	1,950
Loss for the half year	-	(53,854)	-	(53,854)
Revaluation of financial asset (net of tax)	-	-	(900)	(900)
Total comprehensive income for the half year	-	(53,854)	(900)	(54,754)
At 31 December 2016	1,366,891	(783,820)	(900)	582,171
At 1 July 2015	1,096,907	(633,986)	-	462,921
Loss for the half year	-	(49,318)	-	(49,318)
Total comprehensive income for the half year	-	(49,318)	-	(49,318)
At 31 December 2015	1,096,907	(683,304)	-	413,603

The above Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 December 2016

	31/12/2016 $	31/12/2016 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers - other	(66,686)	(102,112)
Interest received	7,438	5,246
Net cash outflow from operating activities	(59,248)	(96,866)
INVESTING ACTIVITIES		
Payments to suppliers - exploration	(8,137)	(7,249)
Payments for investments	(3,240)	-
Cash outflow from investing activities	(11,377)	(7,249)
FINANCING ACTIVITIES		
Share issue costs	(22,200)	-
Cash outflow from financing activities	(22,200)	-
Net decrease in cash assets	(92,825)	(104,115)
Cash assets at the beginning of the half year	609,011	467,153
Cash assets at the end of the half year	516,186	363,038

The above Statement of Cash Flows is to be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 December 2016

NOTE 1 CORPORATE INFORMATION

Enegex Limited ("Enegex" or "the company") is a for-profit company incorporated and domiciled in Australia with its registered office and principal place of business located at Level 21, 500 Collins Street, Melbourne, Victoria 3000. The financial report of the company for the half year ended 31 December 2016 comprises the company and the company's interest in joint operations.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the company as the annual financial report.

The half year financial report should be read in conjunction with the annual financial report of Enegex Limited for the year ended 30 June 2016.

It is also recommended that the half year financial report be considered together with any public announcements made by Enegex Limited during the six months ended 31 December 2016, made in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and the Listing Rules of the ASX.

Basis of Preparation

The half year financial report is a general-purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements. The half year financial report has been prepared on an historical cost basis.

For the purpose of preparing this financial report, the half year has been treated as a discrete reporting period.

The financial report for the half year ended 31 December 2016 has been prepared on a going concern basis. This basis has been adopted as the directors believe the company will be able to generate sufficient cash flows to satisfy its debts as and when they fall due.

The company has limited financial resources and will need to raise additional capital from time to time. Any such fund raisings will be subject to factors beyond the control of the company and its directors. When Enegex requires further funding for its programs, it is the company's intention that the additional funds would be raised in a manner deemed most expedient by the directors at the time, taking into account working capital, exploration results, budgets, share market conditions, capital raising opportunities and the interest of industry in co-participation in the company's programs. With the retention lease WA-54-R an application has been made to the designated authority to vary the lease work program including replacing the year four well commitment with further studies.

The half year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2016 as well as those described in detail on the following page.

New and revised accounting standards applicable for the first time to the current half-year reporting period

The company has adopted all new and revised Australian Accounting Standards and Interpretations that became effective for the first time and are relevant to the company.

The adoption of the new and revised Australian Accounting Standards and Interpretations has had no significant impact on the company's accounting policies or the amounts reported during the current half-year period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 December 2016

NOTE 3 SEGMENT INFORMATION

Segment information is presented using a 'management approach', i.e. segment information is provided on the same basis as information used for internal reporting purposes by the directors.

At regular intervals, the board is provided management information at a company level for the company's cash position, the carrying value of its WA-54-R retention lease interest and a company cash forecast for the next twelve months of operation.

On this basis, no segment information is included in these financial statements.

NOTE 4 COMMITMENTS

Expenditure commitments include obligations arising from farm-in arrangements, minimum work obligations for the initial three year period of exploration permits and, thereafter, annually. Minimum work obligations may, subject to negotiation and approval, be varied. They may also be satisfied by farmout, sale, relinquishment or surrender of a permit.

Estimated expenditure to satisfy possible retention lease work obligations:

	31/12/2016 $	31/12/2015 $
Not later than 1 year		
WA-54-R	111,563	92,349
Later than 1 year but not later than 3 years		
WA-54-R	37,188*	5,996,484
	148,751	6,088,833

* Application made 5 March 2017 to vary lease work program including replacing the year four well commitment with further studies.

NOTE 5 EVENTS SUBSEQUENT TO BALANCE DATE

An application was made 5 March 2017 to vary the WA-54-R lease work program including replacing the year four well commitment with further studies.

NOTE 6 EQUITY SECURITIES ISSUED

There were no shares or options issued for the half year ended 31 December 2016.

Grant Thornton

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Auditor's Independence Declaration
To The Directors of Enegex Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Enegex Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

b No contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Adrian Nathanielsz
Partner - Audit & Assurance

Melbourne, 8 March 2017

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Independent Auditor's Review Report
To the Members of Enegex Limited

We have reviewed the accompanying half-year financial report of Enegex Limited ("Company"), which comprises the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies, other explanatory information and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of Enegex Limited 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 controls 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 the 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 Enegex Limited's financial position as at 31 December 2016 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 Enegex Limited., ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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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 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 Enegex Limited is not in accordance with the Corporations Act 2001, including:

a giving a true and fair view of the Company's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Adrian Nathanielsz
Partner - Audit & Assurance

Melbourne, 8 March 2017