WWW.ENEABBAGAS.COM.AU

ENEABBA GAS LIMITED

ANNUAL REPORT 2007

CONTENTS

ENEABBA GAS LIMITED

ABN 69 107 385 884

ANNUAL GENERAL MEETING

The Annual General Meeting of Eneabba Gas Limited will be held at Holiday Inn City Centre Perth, 778-788 Hay Street, Perth, Western Australia, Australia at 4.00pm on Friday, 9th November 2007.

STOCK EXCHANGE LISTING

The Company's shares and options are listed under the codes ENB and ENBO on the Australian Stock Exchange Limited

Reference in this report to 'year' or 'financial year' means the 12 months ended 30 June 2007. All units of currency are expressed in Australian dollars unless otherwise specified.

Eneabba Gas Limited is the parent company of the Eneabba Group of Companies. In this report, unless otherwise specified, references to "Eneabba Gas" and "the Group" refers to Eneabba Gas Limited and its controlled entities as a whole and reference to "the Company" refers to Eneabba Gas Limited. "EEPL" refers to Eneabba Energy Pty Ltd, "EHPL" refers to Eneabba Holdings Pty Ltd, "EMPL" refers to Eneabba Mining Pty Ltd and "EPPL" refers to Eneabba Power Pty Ltd.

CORPORATE DIRECTORY

DIRECTORS

Reginald N Gillard - Chairman
Mark H Babidge - Managing Director
Christopher E Bennett - Non-executive director
Thomas L Goh - Executive director
Peter R Oates - Non-executive director

COMPANY SECRETARY

Susmit M Shah

REGISTERED OFFICE

Level 1, 30 Ord Street
West Perth WA 6005
Tel: +61 8 9321 0099
Fax: +61 8 9321 0299

POSTAL ADDRESS

PO Box 772
West Perth WA 6872

VISIT OUR WEBSITE

www.eneabbagas.com.au

AUDITORS AND TAXATION ADVISERS

PKF Chartered Accountants

ENVIRONMENTAL CONSULTANTS

Strategen Environmental

GEOLOGICAL CONSULTANTS

Westby Consulting Pty Ltd

INDEPENDENT ENERGY ADVISERS

ACIL Tasman Pty Ltd

LEGAL ADVISERS

Minter Ellison
Hardy Bowen

POWER AND WATER CONSULTANTS

Worley Parsons Pty Ltd

SHARE REGISTRY

Security Transfer Registrars Pty Ltd
PO Box 535
Applecross WA 6953
Tel: +61 8 9315 2333

LOCATION MAP
CENTAURI 1 POWER STATION

MISSION STATEMENT

Eneabba Gas Limited is focused on developing resources that generate

- **energy** for regional infrastructure,
- **benefits** to the local community, and
- **wealth** to its stakeholders.

CHAIRMAN'S LETTER

Dear Shareholder

It is no secret that Western Australia is facing major power demand to keep pace with the rate of resources and industrial development and consumer demand.

Your company has the innovation, strengths and resources to become a key participant in a deregulated WA energy economy, establishing itself as a new force in WA's energy sector.

However, advancement often doesn't come without challenges. On the one hand, management has achieved success in acquiring all the necessary approvals to develop and construct the Centauri 1 power station. In addition they have positioned the operation to be a carbon neutral site within the next 2-4 years. This is an outstanding achievement.

On the other hand, we have been hindered by a combination of regulatory and bureaucratic obstacles. In April 2007, the Western Australian State Government announced that it expected resource project developers in the Mid West regions to assume responsibility for the bulk of construction costs of the proposed Oakajee deep water port facility to the north of the existing port of Geraldton, and the railway infrastructure associated with delivery of ore to the Oakajee port.

The Board and Management are concerned that this and recent associated environmental decisions are causing delays with project developers unable to make firm commitments to the commencement of projects in the region.

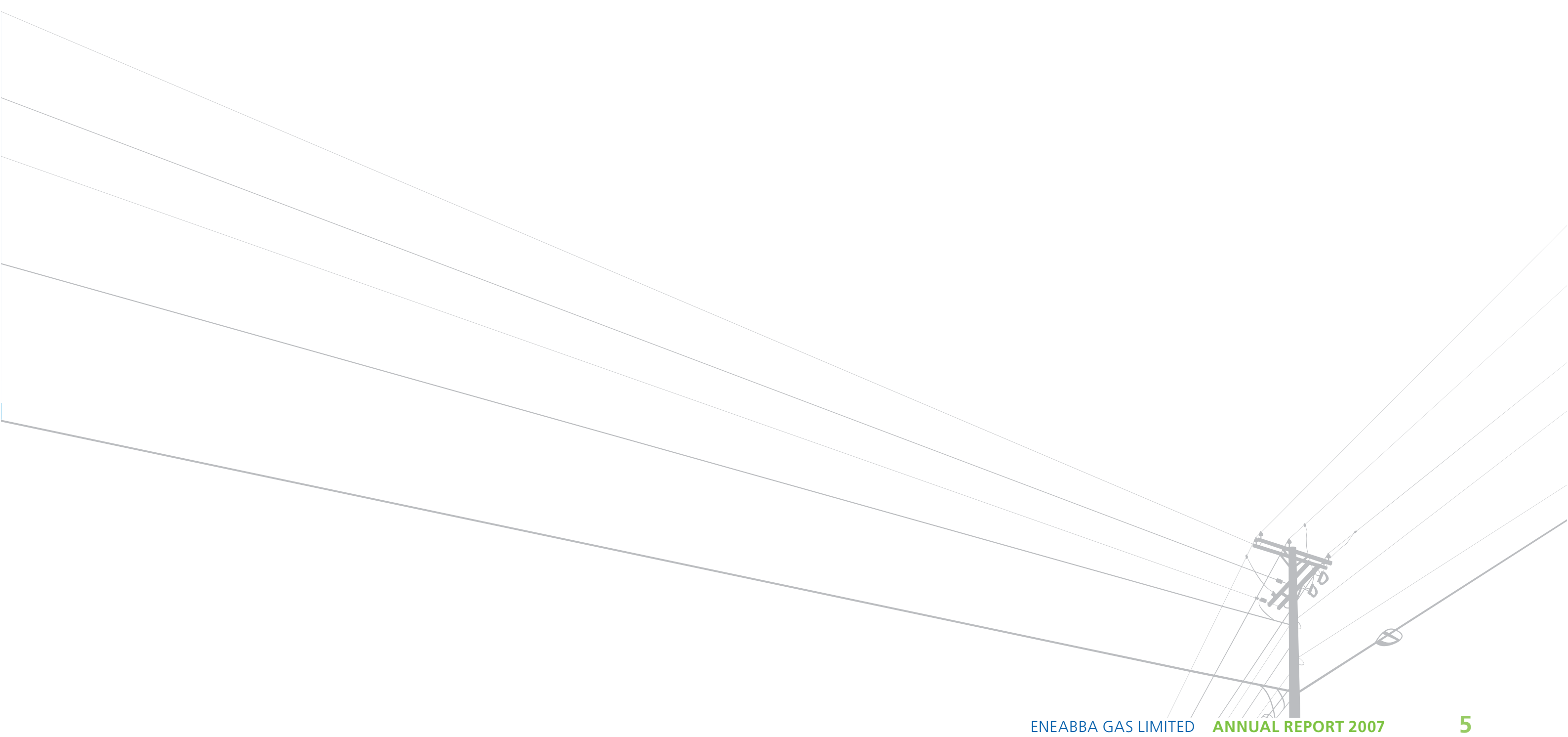
It would not be prudent of the Company on behalf of its shareholders to commit to the implementation of the construction phase of the Centauri Power Station project given the Mid West project delays, which would put the Company in the position where power delivery capabilities were in place, but customers are not ready to accept the produced energy.

It would be unfair to lay all the focus on the Public Sector, as it appears the Mid West iron ore hopefuls and infrastructure providers have also failed to act in a cohesive manner to facilitate the necessary decisions and formalisation of their projects.

Your Company is currently the only holder of a new ERA approved generation licence in the Mid West, the Company must now be patient as the timing issues are resolved.

On behalf of the Board of Directors, I would like to thank each of you for your loyal and continuing support.

Reg Gillard
Chairman
12 September 2007



The last year saw a number of achievements made to progress the Company closer to becoming Western Australia's newest independent power producer, providing energy and infrastructure to the State's Mid West region.

The Company has advanced from being solely focused on feasibly studies to that of achieving many project milestones as it completes all the necessary approvals and regulatory permissions to build the Centauri 1 power station, some eight kilometres east of Dongara in the Mid West of Western Australia.

Eneabba's Centauri 1 Power Station, to be located in a booming region of WA currently facing power shortages to support burgeoning growth, now has all the requisite planning and regulatory approvals for construction.

The Company is also in advanced negotiations with off-takers and a Memorandum of Understanding (MOU) was signed with Verve Energy to swap gas for operation flexibility.

Furthermore, the Company has signed and lodged the Westralian Gas & Power farmin agreement with DoIR and also registered with the Australian Greenhouse Office to establish the Centauri 1 Power Station project as a 'carbon neutral' site, underpinning the Company's values in sustainable and environmental corporate responsibilities.

In September 2006, a final purchase of land was made in Dongara that concluded some eight transactions that now make up the approved 'power station precinct'. The total land area is 1,878.6 Ha (4644 Acres) which has the Brand Highway in its western boundary and the Midlands Road in its northern boundary, and is 100% wholly owned by the Company.

On 23 October 2006, the Company announced that position of its gas supply agreements and also its MOU with Verve Energy. The agreements provided the acquisition of gas from North West Shelf Gas Pty Ltd (NWSV) for the first stage of the Centauri 1 power station and the transport and storage of gas through the APT Parmelia gas pipeline and storage facilities. The APT Parmelia gas pipeline runs only some 120 metres from the proposed Centauri 1 power station site.

However, due to a delay in the confirmation of definite take or pay contracts for electricity supply with customers in the Mid West region of WA, activating the agreement with GE Energy to acquire four GE LM 6000 gas-fired turbines has been delayed. GE Energy is still fully supportive of the Company in ensuring that the existing contract for the 'turnkey project' is maintained, and as soon as the Company activates the contract the manufacture of the LM 6000 gas turbines will commence at GE's Houston production plant in the United States.

As a result of the recent appreciation of the Australian Dollar against the American dollar, the Company believes that a delayed activation of the contract should not materially affect the ultimate cost of purchasing the power plant.

Eneabba Energy is currently the only holder of a new ERA generation licence in the Mid West region of Western Australia, which enables the Company to supply electricity in the additional volumes required to service the infrastructure. If project developers elect not to source electricity supply from Eneabba, the only alternative at this time would be to install on-site generating units resulting in significantly higher operating costs.

Reviewing the limited capabilities for new energy generation in the region contrasted with the number of resources projects intended for the region in the coming years, the Company is confident developers will soon make firm commitments to the commencement of projects in this region, resulting in successfully progressing plans for the development of, and ultimately electricity production from, the Centauri 1 power station.

In May 2007, the Company entered into a gas storage and transportation agreement with APT Parmelia Pty Ltd for the provision of services on the Parmelia pipeline and the Mondarra Gas Storage Facility. This arrangement follows the previous announcement by EEPL that it has purchased adequate gas to secure the Centauri 1 power station's stage one fuel supply and start-up fuel load. With the APT Parmelia pipeline being some 120 metres from the fence line of the Centauri 1 power station site; this arrangement is extremely convenient for EEPL without further expenditure.

The agreement allows for receipt, storage in the Mondarra Storage Facility, and transportation and delivery from the Parmelia pipeline for a term of five (5) years, with an extension for another five (5) years. The service will allow transportation of up to 46.6 TJ per day for delivery to the Centauri 1 power station.

Transmission of power

In keeping with the provision of high quality energy supply and service to its offtakers, EEPL signed a Memorandum of Understanding (MoU) with Kalpataru Power Transmission Limited (KPTL). This follows a previous announcement by EEPL on 30 May 2007 that the company is progressing plans to secure off-takers for its proposed Centauri 1 power station for energy supply. KPTL is working with Worley Parsons Power Group (Perth) for the design, supply and installation of transmission from Centauri 1 to customer sites, with KPTL's focus being on the supply and installation of transmission lines and associated equipment.

This co-operative agreement will directly deliver by local area network, a private and secure transmission delivery system for Centauri 1's customer base at a very economical cost

Exploration

The Company began its preliminary investigation into its coal tenements in November 2006. Initial results of the cores have been presented to the Company.

EMPL's exploration licenses permit it to explore for coal and undertake such other operations and works necessary for such exploration (s.66 (b) Mining Act). The right to carry out exploration and operations and works is intended to enable EMPL to undertake coal exploration activity in a manner that will be able to make proper and informed assessment of all aspects of the coal, including assessing (among other things) the coal's full calorific value.

The Company had experienced contractors Mitchell Drilling of Queensland on site with Rig 123 (UDR 1000) from 25 November 2006 until 23 January 2007. The Company also engaged the services of specialist coal laboratory, Earth Data Pty Ltd, Geological and Earth Science Consultants of Maitland N.S.W. The initial core drilling was to log the target coal seams and provided additional information of seams and seam thickness, so as to quantify and reference the existing benchmark holes and proceed to the next stage of detailed drilling of the coal.

EMPL drilled four (4) holes in its Sargon Group tenements, an initial hole to a depth of 650 metres, which was a deep reference hole for future benchmarking, plus three (3) holes to seek coal resource patterns in the area. In the 40-day programme EMPL drilled a total of 2,069.6 metres and cored a total of 253.87 metres.

EMPL and EHPL have met all conservation requirements under the Mining Act, EPA and DoIR regulations in operation of the tenements during the year. EPA clearances were all met in regard to exploration drilling.

Corporate

The Company required additional operational flexibility in the second half of the year and on 8 June 2007 entered into an agreement with Patersons Securities Limited for the placement of 5,000,000 shares at 30 cents per share, to raise $1,500,000. 2,000,000 free attaching options (ENBO class - exercisable at $0.30 each and expiring on 30 June 2009 were issued to placement participants on the basis of 2 options for every five (5) shares subscribed.

This placement provided working capital to allow the Company to advance plans for its gas-fired Centauri 1 168MW power station development.

Funds raised will be used to conclude Memorandum of Understandings (MoU's) with energy offtakers and to commence drilling and analysis at the Company's Yarra Yarra Uranium, Potassium & Thorium exploration tenement in the Mid West region of Western Australia.

In preparation for the eventual progression and ultimate construction of the Centauri 1 Power Station, the Company has formally established the internal corporate governance of the parent company and subsidiaries to reflect the distinct roles and responsibilities of each organisation.

All of the costs and charges associated with the four subsidiaries now bear their own operational costs. The 100% owned subsidiaries are listed right, with the detail of activities of each operation.

Environment

EEPL on 31 May 2007, entered into an agreement with the Department Agriculture and the Environmental Protection Authority to establish a conservation area around the power station site (Memorial K 212826).

This area of some 1,212.7 Hectares (approx 3,000 acres) will be preserved to protect areas of native vegetation and remnant bush. This is in excess of some 67% the total site owned by EEPL and this protected area will be fenced to ensure that is adequately secure to protect it from classes of livestock and managed in a way as to retain and promote the growth native vegetation.

The Memorial area is being sought registration for a recognised offset as a carbon sink project, consistent with requirements of the National Greenhouse Gas Office.

These actions by the Company demonstrate its commitment to the environment and to the minimisation of impact on the area and local community. It should also be noted that the GE gas fired turbines of the power plant have a low carbon emission, being some 514 kg CO2 - e / MW compared to the average of the SWIS of some 910 kg CO2 - e / MW.

With the gas fired turbines to be installed at some 56.4 % of the average carbon emission level of the SWIS and only 42.6% of coal fired power, the Centauri 1 power station demonstrates it low carbon emission credentials. These credentials, plus assisting in its local conservation policies as demonstrated with the protection of remnant vegetation, reinforce the environmental commitment of the Company.

The Company is also reviewing all other measures that are available to ensure the Centauri 1 site and its power station can become a 'carbon neutral' development site. It is the intention to ensure that opportunities and initiatives, such as the area of land on site, can be placed on the Australian Greenhouse Gas Office register and benefit the Company.

While the Company has Centauri 1 power station as the main project, the management of the other assets and their future value presents a challenge. The current position of these assets is that they have intrinsic value, yet that value requires to be 'unlocked' to maximise shareholder worth. The exact nature of the process that will occur, whether an in-house spin-off or a new company structure, or even an outright sale, whichever option or scenario returns maximum value and returns to shareholders, that will be the focus of the Company.

The Company is now in a strong position to evolve over the coming years into the newest independent power producer in Western Australia. I would like to thank our small team of employees and supporting consultants who have all given the Company significant effort, to now have the majority of the regulatory work behind us

M H Babidge
Managing Director
12 September 2007

Eneabba Energy Pty Ltd ("EEPL")

Owns the land 8 km east of Dongara, requested as the IMO proponent within the SWIS contracts for building of the power station. MOU with Verve Energy, KPTL and off takers;

Eneabba Mining Pty Ltd ("EMPL")

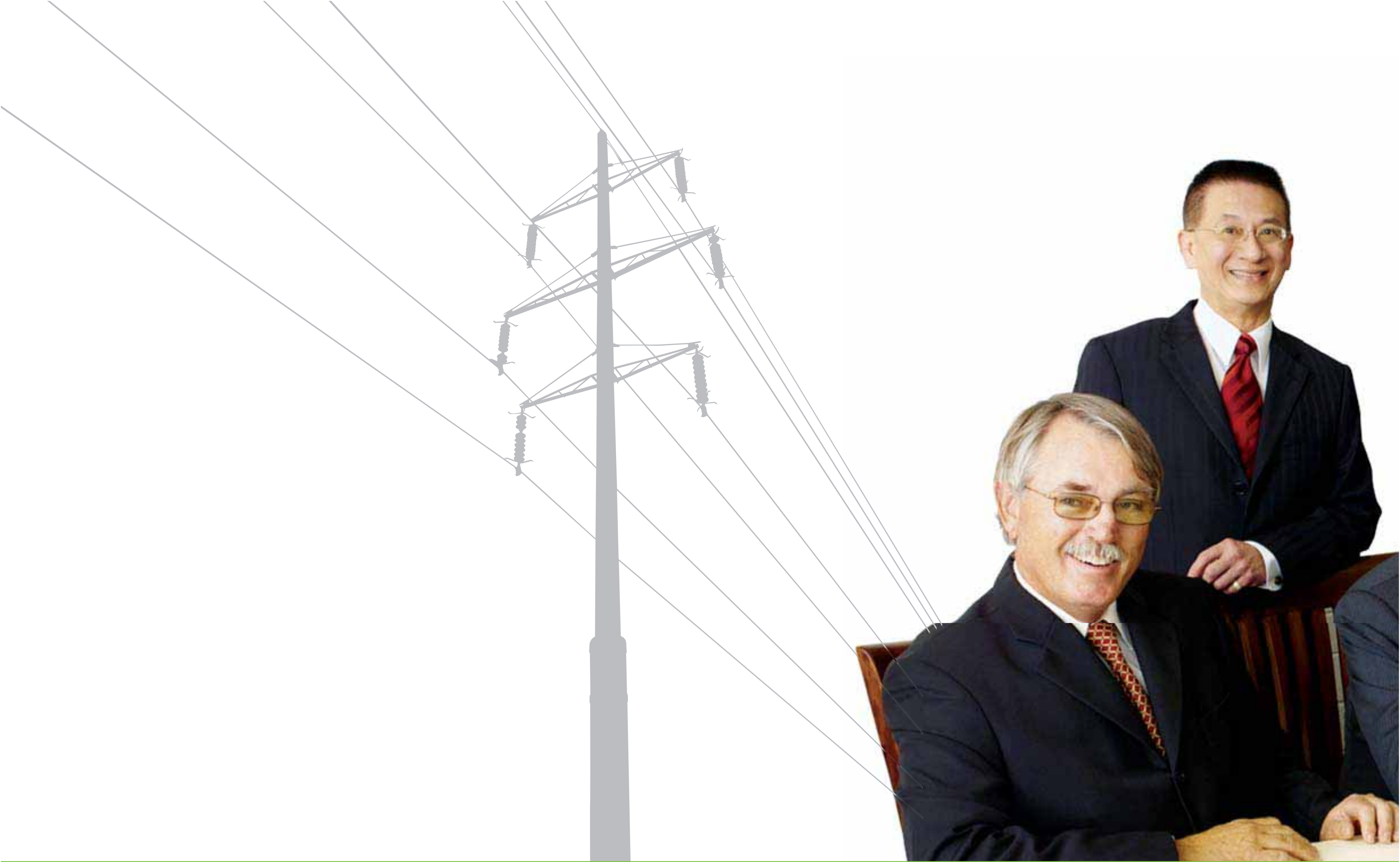
Owns the exploration tenements (10), operates exploration for coal and potential CSM;

Eneabba Holdings Pty Ltd ("EHPL")

Exploration under the Mining Act for minerals U, Th, K and mineral sands; and

Eneabba Power Pty Ltd ("EPPL")

Future retailer of power from Centauri 1 Power station.



BOARD OF DIRECTORS

Reginald N. GILLARD

Chairman and Non Executive Director

After practising as an accountant for over 30 years, during which time he formed and developed a number of service related businesses, Mr Gillard now focuses on corporate management, corporate governance and the evaluation and acquisition of business opportunities. He is the Chairman of Aspen Group Limited, Caspian Oil & Gas Limited, Elemental Minerals Limited, Lafayette Mining Limited, Lindian Resources Ltd, Perseus Mining Ltd, Pioneer Nickel Limited and Tiger Resources Limited. He is the former Chairman of Moto Goldmines Ltd (ceased 17 August 2005). He has developed close working arrangements with a number of substantial Australian and international investment funds and has been responsible for and involved with the funding of several listed public companies. He holds a Bachelor of Arts degree, is a Registered Company Auditor, Justice of the Peace, Fellow of the Certified Practising Accountants of Australia and a Fellow of the Australian Institute of Company Directors.

Mr Gillard is the Chairman of the Corporate Governance Committee, the Nominations and Remuneration Committee and a member of the Audit and Risk Committee.

Mark H. BABIDGE

Managing Director

In the past ten years Mr Babidge has actively run the corporate administration in the role Managing Director, General Manager or director of a number of public and private companies. He has managed utility companies in Australia and overseas, both major management roles have been with organisations whose turnover has exceeded $1 billion per annum. He has held senior executive roles in many industries and undertaken management of medium to large businesses. These have included being the President of the Board of Compania de Telfonos de Chile (Chile Telephone Company) residing in Chile for 3 years, CEO of Bond Chile, and assisting in the management of Mineria San Jose / Mineria El Indio gold and copper mine, CEO's Representative, General Manager Telecom WA and "corporate doctor" mentoring and advising of a number of small business mining related enterprises in Australia.

Mr Babidge has a science background and a Graduate Diploma in Business Administration from the South Australian Institute of Technology (awarded the Prize for Marketing), attended the Advanced Management Programme (SEP-1983) Stanford University California and is a Fellow of the Australian Institute of Management.

Christopher E. BENNETT

Non Executive Director

Mr Bennett was formerly General Manager Finance and Company Secretary of Foodland Associated Limited, an ASX top 100 company. He has held senior executive finance positions in listed public companies for over 20 years. He is a member of the Council of the Curtin University of Technology. Mr Bennett holds a Bachelor of Commerce degree and is a Chartered Accountant.

He is the Chairman of the Audit and Risk Committee.

ENEABBA GAS LIMITED

Thomas L.C. GOH

Executive Director

Mr Goh has acquired years of extensive experience in the petroleum exploration industry through working with seismic contractor companies (in Singapore), a major international oil company and an Australian group of companies in Australia. Operating in Southeast Asia and Pacific-rim regions, he rose to position of manager at an early age with a US seismic company before migrating in 1978 to Australia, where he had direct technical involvement in the economic appraisals of both gas and oil discoveries. As director and general manager of a public listed oil and gas company he continued contributing much of his technical expertise directly to joint ventures to achieve successful exploration objectives. Furthermore, he initiated several vital corporate strategies, which included technical evaluations, commercial negotiations, sale and acquisition of petroleum interests.

Mr Goh holds a Bachelor of Science degree in Mathematics.

Peter R. OATES

Non Executive Director

Mr Oates has 24 years of working experience in the electricity industry in Western Australia. His understanding of the electricity industry and, in particular, issues relating to adding new generation capacity to the interconnected grid will greatly assist the Company. In his previous role at Western Power, he was part of the executive management team and was responsible for finance and administration and later for business development. In those roles he was responsible for supervising the bidding process for the 240MW of additional peaking capacity contracted by Western Power.

Mr Oates holds a Bachelor of Economics and an MBA from the University of Western Australia and he is a Fellow of the Australian Society of Certified Practising Accountants.

Mr Oates is a member of the Audit and Risk Committee, Nominations and Remuneration Committee and the Corporate Governance Committee.

Susmit M. SHAH

Company Secretary

Mr Shah is a Chartered Accountant and has been involved as a director and company secretary of various Australian public companies for a number of years. He consults to public companies on a variety of matters including stock exchange requirements, joint venture negotiations and corporate fundraising.

Adoption of ASX Principles Recommendations

A summary of the main provisions of the Code of Conduct for directors and key executives and the main provisions of the Securities Dealing Policy are available in the corporate governance section of Eneabba Gas Limited's website.

Principle 1: Lay solid foundations for management and oversight

The Company has adopted Principle 1. The Board Charter describes the matters which are the reserve of the Board. Responsibility for other matters is delegated to the Chief Executive Officer / Managing Director. A summary of the Board Charter is available on the Company's website.

Principle 2: Structure the Board to add value

The Board has established a Nominations and Remunerations Committee. The Committee Charter, which is available on the Company's website, specifies the Committee's composition, responsibilities and member qualifications.

The Board Charter provides that the Board is to be comprised of a majority of non-executive independent directors with a Chairman who is independent and non-executive.

The independence of directors is reviewed annually prior to completion of the Annual Report. Independence is defined in accordance with the definitions contained within the ASX recommendations. Relevant disclosure is then made in the Annual Report.

Directors are entitled to obtain independent external advice on matters relating to accounting law or other relevant professional matters.

The procedures for selecting and nominating new candidates for the Board are more fully described in the Corporate Governance Statement and are available on the Company's website.

Principle 3: Promote ethical and responsible decision-making

The Board has adopted a series of policies comprising a Code of Conduct for the Board which all Directors must sign prior to appointment to the Board.

The Code of Conduct addresses expectations for conduct in the following areas;

- Confidential information
- Rights of security holders
- Privacy
- Security trading
- Conflicts of interest
- Responsibility to suppliers and customers
- Employment policies and procedures

Copies of the main provisions of the Code of Conduct and Security Dealing Guidelines are available on the Company's website.

The Company has not adopted the so called "whistle blower" recommendations as this is considered unnecessary at this stage of the Company's operations.

Principle 4: Safeguard integrity in financial reporting

The Board Charter provides for the formation of an Audit and Risk Committee the Charter of which is available on the Company's website.

The Committee reviews annually the Group's relationship with its external auditors including receipt of the audit independence statement on behalf of the Board.

The Chief Executive Officer / Managing Director and Company Secretary provide semi annually to the Board in writing a statement to the effect that the financial statements including the accompanying notes:

- are in accordance with the Corporation Act 2001 and the relevant accounting standards; and
- present a true and fair view, in all material respects, of the Group's financial position and performance.

Principle 5: Make timely and balanced disclosure

Eneabba has adopted policies concerning shareholder communication and continuous disclosure. The policies are designed to promote investor confidence by providing full and timely information to all security holders and market participants about the Group's activities, so as to comply with the requirements of the Corporations Act 2001 and the ASX Listing Rules.

A summary of the continuous disclosure policy and the communications policy are available on the Company's website.

Principle 6: Respect the rights of shareholders

The Company has established a link to the ASX website listing all of the Company's announcements to the market. Shareholders and market participants registering their email addresses with the Company are provided with a copy of each announcement.

The Company's auditors are required to attend the Company's AGM to answer any questions put to them by shareholders.

Principle 7: Recognise and manage risk

The Board has adopted a detailed risk management policy a summary of which is available on the Company's website.

It is a policy of companies in the Group to adopt a common sense approach to the management of risk. This approach involves a clear strategy defining the risks that the Company is in a business to take and those that it is not.

The basis of this policy is the obligation and desire to protect:

a) the Company's people and customers;

b) the environment in which the Group operates;

c) the Company's position as a provider of the highest quality services and products.

The Company's policy in respect of these foundations attributes that its physical, financial and human resources will be applied to ensure that the Company's standards of products and services achieve and exceed expectations. To do this the entity must pursue opportunities that involve some degree of risk. Shareholders and stakeholders must expect that optimisation of such rewards are only gained from this degree of risk taking.

Principle 8: Encourage enhanced performance

The Board Charter provides the following:

Board policy is that the Board will constantly review and monitor its performance. As part of this process the Board may seek to appoint persons who, in the opinion of the Board, will provide specialist expertise required for the Board to adequately perform its role. Additionally, the Board will also review its composition and advise Board members where it is felt that a Director's skills are different from those required by the Company.

Principle 9: Remunerate fairly and responsibly

The Company has established a Nominations and Remuneration Committee the Charter of which is available on the Company's website.

The Committee's Charter includes the following duties:

1. Reviewing the remuneration guidelines for senior management, including base salary, bonuses, share options, salary packaging and final contractual agreements.
2. Reviewing non-executive fees and costs by seeking external benchmarks.
3. Reviewing the Managing Director's remuneration, allowances and incentives and final package in consultation with both independent and external reference.

Equity components of remuneration, including the issue of options, are required to be approved by shareholders prior to award.

Principle 10: Recognise the legitimate interests of stakeholders

The Board has approved a Code of Conduct a summary of which is available on the Company's website.

All Directors, executives and employees are required to comply with that code.

Failure to comply will result in disciplinary action and may include reprimand, formal warning, demotion or, in extreme cases, termination of employment.

Your Directors present their report on the Company and its controlled entities for the financial year ended 30 June 2007.

Directors

The names of directors in office at any time during or since the end of the year are:

R N Gillard	Chairman
M H Babidge	Managing Director
C E Bennett	Non-executive Director
T L C Goh	Executive Director
P R Oates	Non-executive Director

Directors have been in office since the start of the financial year to the date of this report.

Company Secretary

Mr S M Shah has been the Company Secretary of Eneabba Gas Limited throughout the financial year.

Principal activities

The principal activity of the economic entity during the financial year was progressing towards the commencement of construction of the proposed 168 MW Centauri 1 power station near Dongara, Western Australia.

Operating results

The consolidated loss of the economic entity after providing for income tax amounted to $1,697,270 (2006: $729,757).

Future developments

Securing take or pay contracts for supply of electricity with customers in the Mid-west region of Western Australia is currently a top priority for EGL. This is a precursor to completing project finance arrangements and the subsequent commencement of construction of the power station.

Eneabba Gas Limited is the only holder of an ERA generation licence in the Mid-west which enables the Company to supply electricity in the additional volumes required to service the region. If project developers elect not to source electricity supply from EGL, their only alternative at this time would be to install on-site generating units resulting in significantly higher operating costs.

Reviewing the limited capabilities for new energy generation in the region contrasted with the number of resources projects intended for the region in the coming years, the Company is confident that developers will make firm commitments to the commencement of projects in this region. This should result in the Company successfully progressing plans for the development of, and ultimately electricity production from, the Centauri 1 Power Station in regional Western Australia.

Significant changes in the state of affairs

The Group have purchased some 465 TJ of gas costing $2,568,969 to satisfy the start-up and testing requirements of the Centauri 1 Power Station. Delivery and storage of up to 46.6 TJ per day for operational gas supply has been secured by agreements with APT Parmelia whose pipeline runs some 120 meters from the Centauri 1 Power Station site.

The net assets of the economic entity have decreased by $188,770 at 30 June 2006 to $7,808,492. The decrease has resulted from operating cash outflows of $1 Mil, increases in payables and provisions and the write down of feasibility study assets of $555,992 being offset by the placement of 5,000,000 shares at 30 cents each to raise $1,425,000 after costs.

Dividends paid or recommended

No dividend was paid or declared during the year and the directors do not recommend the payment of a dividend.

After Balance day events

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

Environmental issues

The operations of the consolidated entity are subject to environmental regulation under the laws of the Commonwealth and the States in which those operations are conducted.

The Directors are not aware of any environmental matters that would have a materially adverse impact on the overall business of the Consolidated Entity.
There have been no known breaches of environmental laws or permit conditions while conducting operations during the year.

Risk management

It is a policy of companies in the Eneabba Group to adopt a common sense approach to the management of risk. This approach involves a clear strategy defining the risks that EGL is in a business to take and those that it is not. The basis of this Policy is the obligation and desire to protect:

- EGL's people and customers;
- the environment in which EGL operates;
- EGL's position as a provider of the highest quality services and products.

The Company policy in respect of these foundations attributes that its physical, financial and human resources will be applied to ensure that EGL's standards of products and services achieve and exceed expectations. To do this the entity must pursue opportunities that involve some degree of risk. Shareholders and stakeholders must expect that optimisation of such rewards are only gained from this degree of risk taking.

The application of this policy is the responsibility of the EGL Board via the CEO. The CEO and the leadership team are responsible for implementation of this Policy and report performance and strategic targets that will be conducted routinely depending on the nature of the economic size of the risk and its effect on the business bottom line. This strategy is supported by a detailed management framework to identify and evaluate risk, control, response measures, all to improve / optimise EGL's profile and key performance indicators (KPI's) that apply across the organisation.

The risk management framework will facilitate six monthly reports to be given by management to the Audit and Risk Committee at the same time that half and annual accounts are being considered. In addition the EGL Board will review this annually as a separate Board Agenda and ensure its continued application and relevance.

The risk management framework also obliges specific Board consideration at annual intervals of reports to be given by management to the Board. Each year annual budgets are submitted by management for Board approval. Monthly results, including comparisons against budget, are submitted to the Board at each meeting.

Guidelines for capital expenditure have been established, including the requirements for Board approval of capital expenditure beyond certain approved limits, detailed submissions from management seeking Board approval of such capital expenditure, due diligence procedures prior to purchases of businesses and regular post capital expenditure reviews.

Management provides written reports to the Board prior to each Board meeting, including Managing Director's report, covering the business of the Group and reports of external transactions likely to have relevance to the Group and contacts with regulatory agencies. The report also contains litigation initiated either for or against the Company. Reports covering mineral exploration activities are also received. The Company also has in place an annual review of its insurance programme.

EGL is committed to the philosophy of effective business risk management as a core management capability required to create growth of long-term shareholder wealth.

Information on directors

The qualifications and experience of Directors are shown on pages 8 and 9 of this Annual Report.

Remuneration Report

Executives

With effect from 01 September 2006, the base salary and allowances of executive directors were as follows for the financial year:

M H Babidge

Base Salary	Superannuation	Allowances
$160,000	$14,400	$15,750

T L C Goh

Base Salary	Superannuation	Allowances
$120,000	$10,800	$15,750

Also during the year Messrs Babidge and Goh were allocated share options ("Executive Options") which are performance related.

These executives are also entitled to 20 days annual leave and an entitlement to long service leave calculated in accordance with the provisions of the relevant legislation. Either party may elect to terminate the agreed arrangements by the giving of three (3) months notice.

In the case of the Company terminating employment or redundancy, or where the employment is terminated within 4 months following a "change of control" as defined by the Corporations Act 2001 executives nominated will be entitled to receive a redundancy termination payment, which will be not less than 24 months "Base Salary Package" referred to above applying at the time of termination, but not ever being less than the Base Salary Package at any time.

The letters of appointment provide that remuneration will be reviewed on 30 September each year based on performance and the scope of position responsibilities.

Non-executive directors

At the 2005 Annual General Meeting shareholders approved a pool of $200,000 per annum for non-executive director's fees. The Board has subsequently agreed that the Chairman will receive annual remuneration of $50,000 plus superannuation at the statutory guarantee level and allowances of $15,750 per annum and other non-executive directors will receive annual compensation of $40,000 plus superannuation at the statutory guarantee level plus an allowance of $750.

In addition non-executive directors providing services to the Company outside the scope of the duties as directors receive fees calculated at $185 per hour.

Directors receive no additional compensation for membership of Board Committees.

Executive options

The Executive Options are to provide the Executive Directors with an incentive for future services to the Company. The Executive Options have the following terms:

a. The Executive Options have an exercise price of 0.001 cents and are exercisable upon the occurrence of specified performance criteria prior to 30 June 2008 namely:

   i. unconditional approval for the construction of the Centauri 1 power station near Dongara, Western Australia;

   ii. the sale of the Company's major assets and undertakings for consideration amounting to not less than $50 million; or

   iii. a takeover offer is made for the Company.

b. The Executive Options lapse on the earlier of the holder resigning or retiring as an employee of the Company or 30 June 2008. The Directors have discretion to vary this in the event the resignation or retirement is due to death or permanent disability.

c. The Executive Options are non-transferable and any Shares issued on exercise of the Executive Options will be held in escrow as required by the ASX Listing Rules.

The Executive Directors are full time executives of the Company. The purpose of the Executive Option Issue is to provide them with an incentive for future services to the Company. The issue of incentive securities as part of the remuneration packages of senior executives is an established practice of public listed companies and, in the case of the Company, has the benefit of conserving cash whilst properly rewarding its two senior executives.

Nominations and Remuneration Committee

The Company has formed a Nominations and Remuneration Committee the Charter for which includes responsibility for providing to the Board recommendations concerning the quantum and form of remuneration for directors and senior executives.

When reviewing remuneration the Committee will take into account company and executive performance, the scope of responsibilities, comparable information from other listed companies of similar size and scope and, where appropriate, independent advice from third parties.

In addition to salary and allowances executive and non-executive directors have been granted options by the Board to provide an incentive to join the Board or Company and to achieve the Company's objectives stated at the time of the Company's initial public offering and, as a consequence, to create improved value for shareholders.

Options are valued using the Black and Scholes method or at market value when this is applicable.

Directors' Remuneration

The remuneration for each director of the economic entity during the year was as follows:

2007	BASE SALARY & FEES $	SPECIAL FEES $	ALLOWANCES $	SUPER-ANNUATION $	NON-CASH OPTIONS VALUE $	TOTAL $
EXECUTIVE DIRECTORS						
Mr M H Babidge	150,592	-	15,756	13,553	55,667	**235,568**
Mr T L C Goh	114,212	-	15,756	10,279	27,833	**168,080**
Total	264,804	-	31,512	23,832	83,500	**403,648**
NON-EXECUTIVE DIRECTORS						
Mr C E Bennett	39,996	15,197	756	3,600	-	**59,549**
Mr R N Gillard	49,998	-	15,756	4,500	-	**70,254**
Mr P R Oates	39,996	1,480	756	3,600	-	**45,832**
Total	129,990	16,677	17,268	11,700	-	**175,635**
Total	**394,794**	**16,677**	**48,780**	**35,532**	**83,500**	**579,283**

Share Based Remuneration

2007	GRANTED No.	OPTIONS GRANTED AS PART OF REMUNERATION $	TOTAL REMUNERATION REPRESENTED BY OPTIONS %	OPTIONS EXERCISED No.	OPTIONS LAPSED No.	TOTAL No.
EXECUTIVE DIRECTORS						
Mr M H Babidge	5,000,000	55,667	23.63%	-	-	**5,000,000**
Mr T L C Goh	2,500,000	27,833	16.56%	-	-	**2,500,000**
Total	7,500,000	83,500	20.69%	-	-	**7,500,000**
NON-EXECUTIVE DIRECTORS						
Mr C E Bennett	-	-	-	-	-	-
Mr R N Gillard	-	-	-	-	-	-
Mr P R Oates	-	-	-	-	-	-
Total	-	-	-	-	-	-
Total	7,500,000	83,500	14.41%	-	-	**7,500,000**

Meetings of Directors

During the financial year, 12 meetings of directors were held, with the following attendances:

DIRECTOR	BOARD MEETINGS		AUDIT COMMITTEE MEETINGS		NOMINATIONS AND REMUNERATION COMMITTEE MEETINGS		CORPORATE GOVERNANCE COMMITTEE MEETINGS	
	MEETINGS ELIGIBLE TO ATTEND	MEETINGS ATTENDED	MEETINGS ELIGIBLE TO ATTEND	MEETINGS ATTENDED	MEETINGS ELIGIBLE TO ATTEND	MEETINGS ATTENDED	MEETINGS ELIGIBLE TO ATTEND	MEETINGS ATTENDED
M H Babidge	12	12	-	-	-	-	2	2
C E Bennett	12	12	2	2	-	-	2	2
R N Gillard	12	11	2	1	2	2	2	1
T L C Goh	12	11	-	-	-	-	-	-
P R Oates	12	12	1	1	2	2	2	1

Indemnifying Officers and Auditors

No indemnities have been given or agreed to be given during or since the end of the financial year, to any person who is or has been an officer or auditor of any company in the Group.

The parent entity has paid premiums with respect to a contract insuring the directors and officers of the Group against liabilities incurred while acting as directors and officers. The insurance contract prohibits the disclosure of the amount of premium paid in respect of the contract. No part of the premium has been included in directors' emoluments.

Shares Under Option

For details of options issued during the year, see note 11 (ii) in the financial statements.

There are 56,138,000 un-issued ordinary shares for which options are outstanding at the date of this report.

DESCRIPTION	NUMBER	ASX CODE
30 cent options expiring 30 June 2009 (a) (b)	29,988,000	ENBAM
ESCROWED OPTIONS		
30 cent options expiring 30 June 2009 (c)	18,650,000	ENBAO
EXECUTIVE OPTIONS		
0.001 cent options expiring 30 June 2008	7,500,000	ENBAQ
Total	**56,138,000**	

(a) Includes 850,000 options subject to voluntary escrow until 28 April 2008;
(b) These options are listed on the ASX.
(c) The escrow period concludes on 28 April 2008.

No person entitled to exercise an option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

Shares Issued on the Exercise of Options

There has been no share issued as a consequence of the exercise of options for the period 01 July 2006 to the date of this report.

Executive Shares and Options

Directors' interests in shares in the Company at the date of this report

	HELD DIRECTLY	HELD INDIRECTLY	TOTAL
M H Babidge	5,000,001	-	**5,000,001**
C E Bennett	-	200,000	**200,000**
R N Gillard	1,000,000	1,600,000	**2,600,000**
T L C Goh	5,000,001	-	**5,000,001**
P R Oates	50,000	-	**50,000**

Directors' interests in options over shares in the Company at the date of this report

	HELD DIRECTLY	HELD INDIRECTLY	TOTAL
M H Babidge	8,750,000	-	**8,750,000**
C E Bennett	3,000,000	100,000	**3,100,000**
R N Gillard	4,500,000	800,000	**5,300,000**
T L C Goh	6,250,000	-	**6,250,000**
P R Oates	500,000	-	**500,000**

Non-audit services

The Board of Directors, in accordance with advice from the Audit and Risk Committee is satisfied that the provision of non-audit services by the entity's auditor, PKF, during the year is compatible with the general standard of independence of auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of those non-audit services disclosed below did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor;
- The nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement APES110: Professional Independence.

During the year the following fees were paid or payable to PKF and its related practices for the provision of non audit services:

	$
Tax return lodgement	**24,105**
GST grouping	**10,092**
Corporate structure discussions	**10,737**
	44,934

Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2007 has been received and can be found on the next page.

Signed in accordance with a resolution of the Board of Directors.

R N Gillard
Chairman
12 September 2007

M H Babidge
Managing Director
12 September 2007

PKF

Chartered Accountants
& Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead engagement partner for the audit of Eneabba Gas Limited and its Controlled Entities for the year ended 30 June 2007, I declare that, to the best of my knowledge and belief, there have been:

(i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

PKF

PKF
Chartered Accountants

Ian Olson
Partner

Dated at Perth, Western Australia this 12th day of September 2007.

PKF is a national association of independent chartered accounting and consulting firms, each trading as PKF. PKF Australia Ltd is also a member of PKF International, an association of legally independent chartered accounting and consulting firms.

Tel: 61 8 9278 2222 | Fax: 61 8 9278 7700 | www.pkf.com.au
West Australian Partnership | ABN 39 542 778 278
Level 7, BGC Centre | 28 The Esplanade | Perth | Western Australia 6000 | Australia
PO Box Z5066 | St Georges Terrace | Perth | Western Australia 6831

financial statements

income statements

for year ended 30 June 2007

	NOTES	CONSOLIDATED 2007 $	CONSOLIDATED 2006 $	PARENT 2007 $	PARENT 2006 $
REVENUE FROM OPERATIONS					
Finance revenue		**193,165**	130,630	**193,091**	129,552
Lease revenue - pastoral		**6,667**	-	-	-
Inter-company income		-	-	**1,024,595**	-
Total revenue from operations		**199,832**	130,630	**1,217,686**	129,552
EXPENSES					
Finance expense		-	(1,044)	-	(1,044)
Feasibility study asset costs expensed		**(555,992)**	-	-	-
Employee benefits		**(768,194)**	(280,314)	**(768,194)**	(280,314)
Amortisation and depreciation		**(18,486)**	(10,595)	**(18,121)**	(10,595)
Other expenses		**(554,430)**	(568,434)	**(522,462)**	(511,959)
Loss on disposal of exploration licenses		-	-	-	(7,205)
Provision for loans to subsidiaries		-	-	**56,123**	(56,123)
Total expenses		**(1,897,102)**	(860,387)	**(1,252,654)**	(867,240)
Loss before income tax	3	**(1,697,270)**	(729,757)	**(34,968)**	(737,688)
Income tax	4	-	-	-	-
Loss from operations		**(1,697,270)**	(729,757)	**(34,968)**	(737,688)
Loss attributable to members of Eneabba Gas Limited		**(1,697,270)**	(729,757)	**(34,968)**	(737,688)

	CONSOLIDATED CENTS	PARENT CENTS
Basic earnings (loss) per share	(2.38)	(0.94)
Diluted earnings (loss) per share	(2.38)	(0.94)

The above income statements should be read in conjunction with the attached notes

balance sheets

as at 30 June 2007

	NOTES	CONSOLIDATED 2007 $	CONSOLIDATED 2006 $	PARENT 2007 $	PARENT 2006 $
ASSETS					
Current assets					
Cash and cash equivalents		**2,523,475**	6,574,026	**2,506,177**	6,540,780
Receivables		**15,489**	10,652	**7,799**	10,509
Prepayments		**7,332**	10,570	**7,332**	10,570
Total current assets		**2,546,296**	6,595,248	**2,521,308**	6,561,859
Non-current assets					
Deposits	5	**50,000**	-	**50,000**	-
Inventories	6	**2,568,969**	-	**-**	-
Receivables	7	-	-	**6,956,517**	1,036,557
Other financial assets	8	-	-	**400**	400
Property, plant and equipment	9	**1,645,771**	1,026,438	**44,267**	24,526
Exploration and evaluation assets	10	**1,165,682**	407,366	**-**	407,366
Intangible assets	11	-	8,305	**-**	-
Prepayments		**50,000**	-	**-**	-
Total non-current assets		**5,480,422**	1,442,109	**7,051,184**	1,468,849
Total assets		**8,026,718**	8,037,357	**9,572,492**	8,030,708
LIABILITIES					
Current liabilities					
Payables		**158,523**	24,745	**50,277**	25,045
Unearned revenue – lease income	12	**1,333**	-	-	-
Provisions	13	**58,370**	15,350	**58,370**	15,350
Total current liabilities		**218,226**	40,095	**108,647**	40,395
Total liabilities		**218,226**	40,095	**108,647**	40,395
Net assets		**7,808,492**	7,997,262	**9,463,845**	7,990,313
EQUITY					
Contributed equity	14	**10,221,326**	8,796,326	**10,221,326**	8,796,326
Option reserve	15	**214,400**	130,900	**214,400**	130,900
Accumulated losses	16	**(2,627,234)**	(929,964)	**(971,881)**	(936,913)
Total equity		**7,808,492**	7,997,262	**9,463,845**	7,990,313

The above balance sheets should be read in conjunction with the attached notes

statements of changes in equity

for the year ended 30 June 2007

	ISSUED CAPITAL $	RESERVES $	ACCUMULATED LOSSES $	TOTAL EQUITY $
CONSOLIDATED				
Shareholders' equity at 30 June 2005	1,005,529	-	(200,207)	805,322
Option reserve	-	130,900	-	130,900
Gross proceeds from Issue of shares	8,379,000	-	-	8,379,000
Less costs of share issue	(588,203)	-	-	(588,203)
Loss for the year	-	-	(729,757)	(729,757)
Shareholders' equity at 30 June 2006	8,796,326	130,900	(929,964)	7,997,262
Option reserve	-	83,500	-	83,500
Gross proceeds from Issue of shares	1,500,000	-	-	1,500,000
Less costs of share issue	(75,000)	-	-	(75,000)
Loss for the year	-	-	(1,697,270)	(1,697,270)
Shareholders' equity at 30 June 2007	10,221,326	214,400	(2,627,234)	7,808,492
PARENT				
Shareholders' equity at 30 June 2005	1,005,529		(199,225)	806,304
Option reserve	-	130,900	-	130,900
Gross proceeds from Issue of shares	8,379,000	-	-	8,379,000
Less costs of share issue	(588,203)	-	-	(588,203)
Loss for the year	-	-	(737,688)	(737,688)
Shareholders' equity at 30 June 2006	8,796,326	130,900	(936,913)	7,990,313
Option reserve	-	83,500	-	83,500
Gross proceeds from Issue of shares	1,500,000	-	-	1,500,000
Less costs of share issue	(75,000)	-	-	(75,000)
Loss for the year	-	-	(34,968)	(34,968)
Shareholders' equity at 30 June 2007	10,221,326	214,400	(971,881)	9,463,845

(Under a selective capital reduction approved by shareholders on 17 July 2006, 35,000,001 ordinary shares were cancelled for no consideration)

The above statements of changes in equity should be read in conjunction with the attached notes

cashflow statements

for the year ended 30 June 2007

	NOTES	CONSOLIDATED 2007 $	CONSOLIDATED 2006 $	PARENT 2007 $	PARENT 2006 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments to suppliers and employees inclusive of GST		**(1,166,943)**	(690,329)	**(1,131,643)**	(632,729)
Interest received		**193,165**	130,630	**193,091**	129,552
Interest paid		-	(1,044)	-	(1,044)
Lease income – pastoral		**8,000**	-	-	-
Net cash flows from (used in) operating activities	26	**(965,778)**	(560,743)	**(938,552)**	(504,221)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for deposits		**(50,000)**	-	**(50,000)**	-
Payments for inventories		**(2,568,969)**	-	-	-
Payments for property, plant and equipment		**(630,152)**	(966,804)	**(39,874)**	(14,892)
Proceeds on disposal of property, plant and equipment		**1,000**	-	**1,000**	-
Payments for exploration and evaluation activities		**(1,261,652)**	(407,366)	-	(407,366)
Loans to controlled entities		-	-	**(4,432,177)**	(1,041,580)
Net cash flows from (used in) investing activities		**(4,509,773)**	(1,374,170)	**(4,521,051)**	(1,463,838)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of ordinary shares		**1,500,000**	8,329,000	**1,500,000**	8,329,000
Share issue costs		**(75,000)**	(588,203)	**(75,000)**	(588,203)
Net cash flows from financing activities		**1,425,000**	7,740,797	**1,425,000**	7,740,797
Net increase (decrease) in cash for the year		**(4,050,551)**	5,805,884	**(4,034,603)**	5,772,738
Cash at the beginning of the year		**6,574,026**	768,142	**6,540,780**	768,042
Cash at the end of the year		**2,523,475**	6,574,026	**2,506,177**	6,540,780

The above cash flow statements should be read in conjunction with the attached notes

Note 1 - Summary of Significant Accounting Policies

a) Basis of preparation

The financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issue Group Consensus Views and the Corporations Act 2001, which includes Australian equivalents to International Financial Reporting Standards (IFRS).

The financial statements are prepared on an accruals basis and are based on historical cost and do not take into account changing money values except where stated.

The financial report was authorised for issue on 12 September 2007.

b) Changes to Accounting Standards

The following amendments to standards and interpretations have been identified as those, which may impact the entity in the period of initial application. Any options for early adoption have not been applied in the preparation of this financial report.

New and revised Standards

AASB 101 Presentation of Financial Statements (Revised) removes Australian specific requirements for AASB 101, but incorporates amendments made on the introduction of AASB 7 surrounding the disclosure of the entity's objectives, policies and processes for managing capital. Accordingly, early adoption may only be attractive to entities that are also early adopting AASB 7.

AASB 101 is effective for annual reporting periods beginning 1 January 2007, is mandatory for half-year ending 30 June 2007 and optional for early adoption for year ending 30 June 2007. AASB 101 is a disclosure standard, so will have no direct impact on amounts in the financial report. However, amendments will result in changes in disclosures.

AASB 7 Financial Instruments: Disclosure, AASB 2005-10 Amendments to Australian Accounting Standards. AASB 7 is equivalent to IFRS 7 of the same name and introduces new disclosure requirements in relation to financial instruments. AASB 2005-10 implements various amendments to other standards most notably to implement IASB Amendment to IAS 1 Capital Disclosures.

AASB 7 is effective for annual reporting periods beginning 1 January 2007, is optional for early adoption for year ending 30 June 2007 and no specific disclosure required in the interim period. AASB 7 is a disclosure standard, so will have no direct impact on amounts in the financial report. However, amendments will result in changes in disclosures.

AASB 123 Borrowing Costs (Revised), AASB 2007-6 Amendments to Australian Accounting Standards. This revision eliminates the option of expensing borrowing costs relating to qualifying assets, instead requiring capitalisation. Transitional provisions require prospective application to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after application date. An entity may however, designate any date before the application date and apply the Standard to borrowing costs relating to all qualifying assets for which the commencement date for capitalisation is on or after that date. The Amending Standard eliminates reference to the expensing option in various other pronouncements.

AASB 123 is effective for annual reporting periods beginning 1 January 2009, is optional for half year ending 30 June 2007 and optional for early adoption for year ending 30 June 2007. Unless the Group becomes involved in a qualifying asset in future periods, amendments are not expected to have any impact on the financial report.

AASB 8 Operating Segments, AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 replaces AASB 114 Segment Reporting and introduces new 'management approach' to segment reporting to align IFRS and US GAAP. Unlike AASB 114, AASB 8 only applies to entities, which have on issue debt or equity securities that are traded in a public market (or which are in the process of issuing any class of instruments in a public market). Therefore, reporting entities that are out of scope of AASB 8 may wish to early adopt this Standard to avoid segment reporting in their financial reports.

AASB 8 is effective for annual reporting periods beginning 1 January 2009, is optional for half-year ending 30 June 2007 and optional for early adoption for year ending 30 June 2007. AASB 8 is a disclosure standard, so will have no direct impact on amounts in the financial report. However, amendments will result in changes in disclosures.

AASB 2007-4 Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments. Implements the proposals in ED 151 Australian Additions to, and Deletions from, IFRSs and make various other editorial amendments. New accounting policy choices are introduced and many Australian-specific disclosures deleted. Early adoption of this standard may be attractive to many entities.

AASB 2007-4 is effective for annual reporting periods Beginning 1 July 2007, is optional for half year ending 30 June 2007 and optional for early adoption for year ending 30 June 2007. The potential impact of the initial application of AASB 2007-4 has not yet been determined.

New Interpretations

Interpretation 10 Interim Financial Reporting and Impairment is equivalent to IFRIC 10 of the same name. This interpretation concludes that where an entity has recognised an impairment loss in an interim period in respect of goodwill; or an investment in either an equity instrument; or a financial asset carried at cost because fair value is not reliably determinable that impairment should not be reversed in subsequent interim financial statements or in annual financial statements.

Interpretation 10 is effective for annual reporting periods beginning 1 November 2006, is mandatory for half-year ending 30 June 2007. The potential impact of the initial application of Interpretation 10 has not yet been determined.

Interpretation 11 AASB2 Group Treasury Share Transactions, AASB 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation 11 is equivalent to IFRIC 11 of the same name. It addresses whether certain types of share-based payment transactions with employees (or other supplier of good and services) should be accounted for as equity settled or cash settled transactions under AASB 2.

Interpretation 11 is effective for annual reporting periods beginning 1 March 2007, is optional for half-year ending 30 June 2007 and is optional for early adoption for year ending 30 June 2007. Amendments are not expected to have any impact on the financial report.

Interpretation 12 Service Concession Arrangements, Interpretation 4 Determining whether an Arrangement contains a lease (Revised), Interpretation 129 Service Concession Arrangements: Disclosure (Revised), AASB 2007-2 Amendments to Australian Standards arising from AASB Interpretation 12 is equivalent to IFRIC 12 of the same. Addresses the appropriate accounting for service concession arrangements under which private sector entities participate in the development, financing, operation and maintenance of infrastructure for the provision of public services, such as transport, water and energy facilities.

Interpretation 12 is effective for annual reporting periods beginning 1 June 2008, is optional for half year ending 30 June 2007 and is optional for early adoption for year ending 30 June 2007. The company is not involved in Service Concession Arrangements; amendments are not expected to have any impact on the financial report.

Exposure Drafts Pending Issue as Revised Standards before 31 December 2007

ED 139: Proposed revision to AASB 3 – Business Combination reflects the impact of Phase II of the Business Combinations Project by IASB to converge with FASB. ED 139 is effective for annual reporting periods beginning 1 January 2007 and is mandatory for year ending 31 December 2007. The potential impact of the initial application of the Exposure Draft has not yet been determined.

ED 141: Proposed revision to AASB 127 – Consolidated and Separate Financial Statements, the main changes proposed are consequential changes brought about by revision to AASB 3 under ED 139. ED 141 is effective for annual reporting periods beginning 1 January 2007 and is mandatory for year ending 31 December 2007. The potential impact of the initial application of the Exposure Draft has not yet been determined.

ED 140: Proposed revision to AAS137 – Provisions, Contingent liabilities and Contingent Assets the main changes proposed are consequential changes brought about by revision to AASB 3 under ED 139. ED 140 is effective for annual reporting periods beginning 1 January 2007 and is mandatory for year ending 31 December 2007. The potential impact of the initial application of the Exposure Draft has not yet been determined.

c) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous year.

d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Eneabba Gas Limited and its subsidiaries as at 30 June each year (‘the Group’).

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which Eneabba Gas has control.

e) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

Plant and equipment: Plant and equipment is measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows are not discounted to present values in determining the recoverable amount.

Depreciation: The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated on a reducing balance basis over their estimated useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Depreciation rates applied are: Furniture and fittings 7.5% to 37.5%.

f) Cash and cash equivalents

Cash on hand, at banks and in short-term deposits is stated at the lower of cost and net realisable value.

For the purposes of the Cash Flow Statements, cash includes deposits at call with financial institutions and other highly liquid investments with maturity within less than three months which are readily convertible to cash on hand and cash at bank.

g) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. All revenue is stated net of the amount of goods and services tax (GST).

h) Intangible assets

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with the finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of the future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

i) Income tax

The Company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any permanent differences. However the Group has not recognised future income benefits until the feasibility study for the Group's proposed Centauri 1 Power Station has demonstrated the financial viability of the proposed project. To the extent they are offset by unrecognised future income benefits, as to the timing and amount, deferred tax liabilities are not recorded.

j) Recoverable amount of non-current assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

k) Inventories

Inventories comprise supplies of gas not for resale held in storage by a third party for the purpose of the commissioning the proposed Centauri 1 Power Station and are valued at the lower of cost and net realisable value. Costs include transport.

l) Exploration expenditure

Provided the right to tenure is held Exploration expenditure for each area of interest is carried forward as an asset provided that one of the following conditions is met:

- Such costs are expected to be recouped through successful development and exploration of the area of interest or, alternatively, by its sale; or
- Exploration activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of recoverable reserves, and active and significant operations in relation to the area are continuing.

Exploration expenditure which fails to meet at least one of the conditions outlined above is written off.

Evaluation expenditure of each area of interest is carried forward, but only to the extent to which recoupment out of revenue to be derived from the relevant area of interest, or from the sale of the area of interest, is reasonably assured.

m) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

n) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share are calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

o) Share based payment

The Group provides to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by a binomial model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see note 24).

The Group has applied the requirements of AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' in respect of equity-settled awards and has applied AASB 2 'Share-based Payments' only to equity instruments granted after 7 November 2002 that had not vested on or before 1 January 2005.

for year ended 30 June 2007

Note 2 - Segment Reporting

The economic entity conducts operations in two primary 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.

2007	ELECTRICITY GENERATION $	MINERAL EXPLORATION $	UNALLOCATED $	CONSOLIDATED $
SEGMENT EXPENSES				
Net other costs	-	-	1,122,792	1,122,792
Feasibility study assets written off	555,992	-	-	555,992
Loss before amortisation and depreciation	555,992	-	1,122,792	1,678,784
Amortisation and depreciation	365	-	18,121	18,486
Loss before income tax benefits	556,357	-	1,140,913	1,697,270
SEGMENT ASSETS AND LIABILITIES				
Gas inventory assets	2,568,969	-	-	2,568,969
Other assets	1,651,504	1,165,682	2,640,563	5,457,749
Liabilities	(15,647)	(90,731)	(111,848)	(218,226)
Net assets	4,204,826	1,074,951	2,528,715	7,808,492
SEGMENT CASHFLOWS				
Operating	-	-	(965,778)	(965,778)
Investing	(3,524,670)	(896,230)	(88,873)	(4,509,773)
Financing	-	-	1,425,000	1,425,000
Net cash movement	(3,524,670)	(896,230)	370,349	(4,050,551)

2006	ELECTRICITY GENERATION $	MINERAL EXPLORATION $	UNALLOCATED $	CONSOLIDATED $
SEGMENT EXPENSES				
Net other costs	-	-	719,162	719,162
Loss before amortisation and depreciation	-	-	719,162	719,162
Amortisation and depreciation	-	-	10,595	10,595
Loss before income tax benefits	-	-	729,757	729,757
SEGMENT ASSETS				
Assets	1,238,563	179,022	6,619,772	8,037,357
Liabilities	-	-	(40,095)	(40,095)
Net assets	1,238,563	179,022	6,579,677	7,997,262
SEGMENT CASHFLOWS				
Operating	-	-	(560,743)	(560,743)
Investing	(1,188,562)	(170,716)	(14,892)	(1,374,170)
Financing	-	-	7,740,797	7,740,797
Net cash movement	(1,188,562)	(170,716)	7,165,162	5,805,884

for year ended 30 June 2007

Note 3 - Loss Before Income Tax

Loss before income tax is after crediting (charging) the following items:

	CONSOLIDATED		PARENT	
	2007 $	2006 $	2007 $	2006 $
Finance revenue – banks	**193,165**	130,630	**193,091**	129,552
Lease revenue – pastoral	**6,667**	-	-	-
Amortisation of licences	-	(2,241)	-	(2,241)
Depreciation of plant and equipment	**(18,486)**	(8,354)	**(18,121)**	(8,354)
Finance costs – banks	-	(1,044)	-	(1,044)
Land option premium relinquished	-	(45,634)	-	-
Legal costs	**(81,420)**	(98,981)	**(76,298)**	(98,981)
Wages & salaries	**(641,674)**	(134,064)	**(641,674)**	(134,064)
Feasibility study assets written off	**(555,992)**	-	-	-
EMPLOYEE ENTITLEMENTS				
Provision for employee entitlements	**(43,020)**	(15,350)	**(43,020)**	(15,350)
Share based payments	**(83,500)**	(130,900)	**(83,500)**	(130,900)
Provision for loans to subsidiaries	-	-	**56,123**	(56,123)
Loss on disposal of tenements	-	-	-	(7,205)

Note 4 – Income Tax

Major components of income tax expense for the years ended 30 June 2007 and 2006 are:

	CONSOLIDATED		PARENT	
	2007 $	2006 $	2007 $	2006 $
INCOME STATEMENT				
Current income				
Current income tax charge	-	-	-	-
Deferred income tax				
Relating to origination and reversal of temporary differences	-	-	-	-
Income tax expense (benefit) reported in income statement	-	-	-	-

A reconciliation of income tax expense (benefit) applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate for the years ended 30 June 2007 and 2006 is as follows:

Accounting profit (loss) before tax from continuing operations	**(1,697,270)**	**(729,757)**	**(34,968)**	(737,688)
Less before tax from discontinued operations	-	-	-	-
Accounting profit (loss) before income tax	**(1,697,270)**	**(729,757)**	**(34,968)**	(737,688)
Tax at the statutory rate of 30% (2006: 30%):	**(509,181)**	**(218,927)**	**(10,490)**	(221,306)
Non-deductible expenses	**25,050**	**41,047**	**25,050**	39,306
Temporary differences not brought to account as deferred tax assets	**(398,141)**	**(153,253)**	**(115,668)**	(136,137)
Tax losses utilized which where not previously brought to account as a deferred tax asset	**101,108**	-	**101,108**	-
Tax losses not brought to account as deferred tax assets	**781,164**	**331,132**	-	318,137
Tax at the effective rate of 0% (Parent 0%)(2006: 0%, Parent 0%)	-	-	-	-
Income tax expense reported in income statement	-	-	-	-

Note 4 – Income Tax (continued)

Deferred tax assets and liabilities are attributable to the following:

	CONSOLIDATED					
	ASSETS		LIABILITIES		NET	
	2007 $	2006 $	2007 $	2006 $	2007 $	2006 $
Accruals	**(7,688)**	-	-	-	**(7,688)**	-
Employee entitlements	**(17,511)**	(4,605)	-	-	**(17,511)**	(4,605)
Unearned income	**(400)**	-	-	-	**(400)**	-
Capital raising	**(1,066)**	(117,605)	-	-	**(1,066)**	(117,605)
Exploration costs	**-**	-	**347,543**	122,210	**347,543**	122,210
Tax losses	**(320,878)**	-	-	-	**(320,878)**	-
Tax (assets) liabilities	**(347,543)**	(122,210)	347,543	122,210	-	-
Set off of tax	**347,543**	122,210	(347,543)	(122,210)	-	-
Net tax (assets) liabilities	-	-	-	-	-	-

MOVEMENTS IN TEMPORARY DIFFERENCES DURING THE YEAR	BALANCE 1 JULY 2005	RECOGNISED IN INCOME	RECOGNISED IN EQUITY	BALANCE 30 JUNE 2006
Accruals	-	-	-	-
Employee entitlements	-	(4,605)	-	(4,605)
Unearned income	-	-	-	-
Capital raising	-	(117,605)	-	(117,605)
Exploration costs	-	122,210	-	122,210
Tax losses	-	-	-	-
	-	-	-	-

MOVEMENTS IN TEMPORARY DIFFERENCES DURING THE YEAR	BALANCE 1 JULY 2006	RECOGNISED IN INCOME	RECOGNISED IN EQUITY	BALANCE 30 JUNE 2007
Accruals	-	(7,688)	-	**(7,688)**
Employee entitlements	**(4,605)**	(12,906)	-	**(17,511)**
Unearned income	-	(400)	-	**(400)**
Capital raising	**(117,605)**	116,539	-	**(1,066)**
Exploration costs	**122,210**	225,333	-	**347,543**
Tax losses	-	(320,878)	-	**(320,878)**
	-	-	-	-

Note 4 – Income Tax (continued)

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	PARENT					
	ASSETS		LIABILITIES		NET	
	2007 $	2006 $	2007 $	2006 $	2007 $	2006 $
Accruals	-	-	-	-	-	-
Employee entitlements	-	(4,605)	-	-	-	(4,605)
Capital raising	-	(100,768)	-	-	-	(100,768)
Prov. Non-recovery	-	(16,837)	-	-	-	(16,837)
Exploration costs	-	-	-	122,210	-	122,210
Tax losses	-	-	-	-	-	-
Tax (assets) liabilities	-	(122,210)	-	122,210	-	-
Set off of tax	-	122,210	-	(122,210)	-	-
Net tax (assets) liabilities	-	-	-	-	-	-

MOVEMENTS IN TEMPORARY DIFFERENCES DURING THE YEAR	BALANCE 1 JULY 2005	RECOGNISED IN INCOME	RECOGNISED IN EQUITY	BALANCE 30 JUNE 2006
Accruals	-	-	-	-
Employee entitlements	-	(4,605)	-	(4,605)
Capital raising	-	(100,768)	-	(100,768)
Prov. Non-recovery	-	(16,837)	-	(16,837)
Exploration costs	-	122,210	-	122,210
Tax losses	-	-	-	-
	-	-	-	-

MOVEMENTS IN TEMPORARY DIFFERENCES DURING THE YEAR	BALANCE 1 JULY 2006	RECOGNISED IN INCOME	RECOGNISED IN EQUITY	BALANCE 30 JUNE 2007
Accruals	-	-	-	-
Employee entitlements	(4,605)	4,605	-	-
Capital raising	(100,768)	100,768	-	-
Prov. Non-recovery	(16,837)	16,837		-
Exploration costs	122,210	(122,210)	-	-
Tax losses	-	-	-	-
	-	-	-	-

Note 4 – Income Tax (continued)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	CONSOLIDATED		PARENT	
	2007 $	2006 $	2007 $	2006 $
Accruals	-	-	**7,688**	-
Capital raising costs	**123,876**	-	**124,106**	-
Employee entitlements	-	-	**17,511**	-
Tax losses	**864,017**	379,666	**94,820**	195,927
	987,893	379,666	**244,125**	195,927

The tax losses do not expire under current tax legislation and have been disclosed on a tax effected basis. This differs from the prior year when the tax losses were disclosed on a gross basis.

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the company can utilise these benefits.

Note 5 - Security deposit

An amount of $50,000 is held as a security deposit as collateral for the provision of credit card facilities used by employees of the consolidated entity in the course of their employment.

Note 6 – Inventories

Inventories comprise supplies of gas not for resale held in storage by a third party for the purpose of the commissioning the proposed Centauri 1 Power Station and are valued at the lower of cost and net realisable value. Costs include transport.

	CONSOLIDATED		PARENT	
	2007 $	2006 $	2007 $	2006 $
Inventories	2,568,289	-	-	-

Note 7 – Receivables

Loans to controlled entities	-	-	6,956,517	1,092,680
Provision for loans to controlled entities	-	-	-	(56,123)
Total	-	-	6,956,517	1,036,557

Note 8 – Other Financial Assets

Shares in controlled entities – unlisted at cost	-	-	400	400

Note 9 - Property, Plant and Equipment

Freehold land at cost	1,564,910	1,001,912	-	-
Fencing and fire mitigation at cost	36,959	-	-	-
Less accumulated depreciation	(365)	-	-	-
Furniture and fittings at cost	70,126	32,490	70,126	32,490
Less accumulated depreciation	(25,859)	(7,964)	(25,859)	(7,964)
Total	1,645,771	1,026,438	44,267	24,526

(A) RECONCILIATIONS

Reconciliations of the carrying amounts for each class of property, plant and equipment are as follows:

FREEHOLD LAND

Carrying amount at beginning of year	1,001,912	-	-	-
Additions	562,998	1,001,912	-	-
Carrying amount at end of year	1,564,910	1,001,912	-	-

for year ended 30 June 2007

Note 9 - Property, Plant and Equipment (cont.)

	CONSOLIDATED		PARENT	
	2007 $	2006 $	2007 $	2006 $
FENCING AND FIRE MITIGATION				
Carrying amount at beginning of year	-	-	-	-
Additions	**36,959**	-	-	-
Depreciation expense	**(365)**	-	-	-
Carrying amount at end of year	**36,594**	-	-	-
FURNITURE AND FITTINGS				
Carrying amount at beginning of year	**24,526**	19,925	**24,526**	19,925
Additions	**39,874**	14,892	**39,874**	14,892
Disposals	**(2,012)**	(1,937)	**(2,012)**	(1,937)
Depreciation expense	**(18,121)**	(8,354)	**(18,121)**	(8,354)
Carrying amount at end of year	**44,267**	24,526	**44,267**	24,526

Note 10 - Exploration and Evaluation Assets

Exploration and evaluation expenditure at cost	**1,165,682**	170,716	-	170,716
Total	**1,165,682**	407,366	-	407,366
10(A) RECONCILIATIONS - FEASIBILITY STUDY EXPENDITURE				
Carrying amount at beginning of year	**236,650**	-	**236,650**	-
Additions	**319,342**	236,650	-	236,650
Transfer to Eneabba Energy Pty Ltd			**(236,650)**	
Amortisation	-	-	-	-
Feasibility study asset costs expensed	**(555,992)**	-	-	-
Carrying amount at end of year	-	236,650	-	236,650

Delays in various government approval processes and infrastructure development in the Mid-west region of Western Australia have caused delays in the development of a number of iron-ore mining projects in the region. Consequently, there has been a knock-on effect of delaying the signing of firm take-or-pay contracts with EGL's targeted customers. As a consequence, feasibility study costs have been written off as a prudent measure.

EXPLORATION AND EVALUATION EXPENDITURE				
Carrying amount at beginning of year	**170,716**	-	**170,716**	-
Transfer from Intangible assets	**14,055**	-	-	-
Transfer to Eneabba Mining Pty Ltd	-	-	**(170,716)**	-
Additions	**980,911**	170,716	**-**	170,716
Amortisation	-	-	-	-
Carrying amount at end of year	**1,165,682**	170,716	-	170,716

Note 11 - Intangible Assets

	CONSOLIDATED		PARENT	
	2007 $	2006 $	2007 $	2006 $
Exploration licences at cost	**8,305**	11,140	-	-
Additions	**5,750**	-	-	-
Less accumulated amortisation	-	(2,835)	-	-
Transfer to exploration and evaluation assets	**(14,055)**	-	-	-
Total	-	8,305	-	-

11(a) RECONCILIATIONS - EXPLORATION LICENCES

	CONSOLIDATED 2007 $	CONSOLIDATED 2006 $	PARENT 2007 $	PARENT 2006 $
Carrying amount at beginning of year	**8,305**	10,546	-	10,546
Additions	**5,750**	-	-	-
Amortisation	**-**	(2,241)	-	(2,241)
Disposal	**-**	-	-	(8,305)
Transfer to exploration and evaluation assets	**(14,055)**	-	-	-
Carrying amount at end of year	-	8,305	-	-

Note 12 - Unearned revenue

	CONSOLIDATED 2007 $	CONSOLIDATED 2006 $	PARENT 2007 $	PARENT 2006 $
Lease income	**1,333**	-	-	-

(a) RECONCILIATIONS - LEASE INCOME

	CONSOLIDATED 2007 $	CONSOLIDATED 2006 $	PARENT 2007 $	PARENT 2006 $
Carrying amount at beginning of year	-	-	-	-
Additions	**1,333**	-	-	-
Reductions	-	-	-	-
Carrying amount at end of year	**1,333**	-	-	-

Note 13 - Provisions

	CONSOLIDATED 2007 $	CONSOLIDATED 2006 $	PARENT 2007 $	PARENT 2006 $
Provision for employee entitlements	**58,370**	15,350	**58,370**	15,350

(a) RECONCILIATIONS - PROVISION FOR EMPLOYEE ENTITLEMENTS

	CONSOLIDATED 2007 $	CONSOLIDATED 2006 $	PARENT 2007 $	PARENT 2006 $
Carrying amount at beginning of year	**15,350**	-	**15,350**	-
Additions	**43,020**	15,350	**43,020**	15,350
Reductions	-	-	-	-
Carrying amount at end of year	**58,370**	15,350	**58,370**	15,350

Note 14 - Contributed Equity

(i) Issued capital

	PARENT		PARENT	
	2007 NO.	2007 $	2006 NO.	2006 $
ORDINARY SHARES EACH FULLY PAID				
Balance at beginning of year	**104,576,004**	**8,796,326**	70,260,004	1,005,529
SHARES ISSUED DURING THE YEAR				
- Private placement	**5,000,000**	**1,500,000**	-	-
- Share cancellation	**(35,000,001)**	-	-	-
- Share issue	-	-	1,000,000	50,000
- Share issue for land purchase	-	-	200,000	50,000
- Share issue for IPO	-	-	33,116,000	8,279,000
- transaction costs of equity raising	-	**(75,000)**	-	(588,203)
Balance at end of year	**74,576,003**	**10,221,326**	104,576,004	8,796,326

Effective 1 July 1998, the Corporations Legislation abolished the concepts of authorised capital and par value shares. Accordingly the Company does not have authorised capital nor par value in respect of its issued capital.

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(ii) Share options (a)

		PARENT	
	STRIKE PRICE $	2007 $	2006 $
Options on issue at start of year	**0.30**	**72,888,000**	47,980,000
OPTIONS ISSUED DURING THE YEAR			
Date of issue			
02 August 2005	**0.30**	**-**	4,000,000
08 August 2005	**0.30**	**-**	500,000
18 January 2006	**0.30**	**-**	3,000,000
28 April 2006	**0.30**	**-**	16,558,000
18 May 2006	**0.30**	**-**	350,000
09 June 2006	**0.30**	**-**	500,000
02 August 2006 (b)	**0.00001**	**7,500,000**	-
20 June 2007	**0.30**	**2,000,000**	-
OPTIONS CANCELLED DURING THE YEAR			
Date of cancellation			
17 July 2006	**0.30**	**(26,250,000)**	-
Options on issue at end of year		**56,138,000**	72,888,000

(a) All options are vested and expire on 30 June 2009 with the exception of;

(b) 7,500,000 options have not vested and expire on the 30 June 2008.

Note 15 - Option Reserve

	CONSOLIDATED		PARENT	
	2007 $	2006 $	2007 $	2006 $
Balance at start of year	**130,900**	-	**130,900**	-
Movements attributable to options issued during the year	**83,500**	130,900	**83,500**	130,900
Balance at end of year	**214,400**	130,900	**214,400**	130,900

The option reserve records the cost of share based payments.

Note 16 - Accumulated Losses

Balance at start of year	**(929,964)**	(200,207)	**(936,913)**	(199,225)
Loss from operations	**(1,697,270)**	(729,757)	**(34,968)**	(737,688)
Balance at end of year	**(2,627,234)**	(929,964)	**(971,881)**	(936,913)

Note 17 - Share Based Payments

At balance date, the Company had on issue 15,350,000 non-transferable options issued in connection with share based payments (2006 : 7,850,000).

	2007		2006	
	2007 NO	WAEP $	2006 NO	WAEP $
Outstanding at the beginning of the year	**7,850,000**	0.30	-	-
Granted during the year	**7,500,000**	0.00001	7,850,000	0.30
Forfeited during the year	**-**	-	-	-
Exercised during the year	**-**	-	-	-
Expired during the year	**-**	-	-	-
Outstanding at the end of the year	**15,350,000**	0.15	7,850,000	0.30

(WAEP: Weighted Average Exercise Price)

Note 17 - Share Based Payments (cont.)

On the 2 August 2006, 7,500,000 executive options with a fair value of $1,800,000 were issued. This value has been discounted to $180,000 proportioned as $83,500 (2007) and $96,500 (2008) by a probability factor of 10% of the options vesting within the vesting period and proportioned over the vesting period. These options have not vested as at the date of this report; they have a strike price of $0.00001 and expire on the 30 June 2008. The vesting conditions are detailed below;

The Executive Options are exercisable upon the occurrence of specified performance criteria prior to 30 June 2008 namely:

I. unconditional approval for the construction of the Centauri 1 power station near Dongara, Western Australia;

II. the sale of the Company's major assets and undertakings for consideration amounting to not less than $50 million; or

III. a takeover offer is made for the Company.

The Executive Options lapse on the earlier of the holder resigning or retiring as an employee of the Company or 30 June 2008. The Directors have a discretion to vary this in the event the resignation or retirement is due to death or permanent disability.

The fair value of the Executive Options is estimated at the date of grant using the Binomial model. The following table gives the assumptions made in determining the fair value of the options granted in the year to 30 June 2007.

Dividend yield (%)	0.00
Expected volatility (%)	50.00
Risk-free interest rate (%)	5.76
Expected life of option (years)	1.96
Option exercise price ($)	0.00001
Share price at grant date ($)	0.27

The Executive Options are non-transferable and any Shares issued on exercise of the Executive Options will be held in escrow as required by the ASX Listing Rules.

In the year ending 30 June 2006, 7,850,000 options were issued and have vested, have a strike price of 30 cents, are escrowed (voluntarily or otherwise) until 28 April 2008 and expire on 30 June 2009.

7,000,000 options issued prior to the Company's listing on the ASX were valued at $0.0082 each in accordance with an independent expert valuation using the Black and Scholes method. Options issued subsequently and up to the financial year ending 30 June 2006 have been valued at the market value of similar options at the date of issue.

Note 18 - Financial risk management objectives and polices

Foreign currency risk

The group does not have any exposure to foreign currency risks which may affect the Group's balance sheet.

Commodity price risk

The Group's exposure to price risk is minimal

Credit risk

The Group trades only with recognised, creditworthy third parties. It is the Group policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Liquidity risks

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, preference shares, finance leases and hire purchase contracts.

The Group's policy is that not more than 35% of borrowings should mature in any 12-month period. The group has no long term debt that will mature this year ending 30 June 2007(2006: nil).

Note 19 - Financial Instruments

The economic entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised, at balance date was as follows:

	FLOATING INTEREST RATES		NON-INTEREST BEARING		TOTAL		WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	
	2007	2006	2007	2006	2007	2006	2007	2006
	$	$	$	$	$	$	%	%
FINANCIAL ASSETS								
Cash	**2,573,075**	6,573,826	**400**	200	**2,573,475**	6,574,026	**5.82**	5.63
Receivables	-	-	**15,489**	10,652	**15,489**	10,652	**-**	-
Payables	-	-	**(158,523)**	(24,745)	**(158,523)**	(24,745)	**-**	-
Total	**2,573,075**	6,573,826	**(142,634)**	(13,893)	**2,430,441**	6,559,933		

The parent entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised, at balance date was as follows:

FINANCIAL ASSETS								
Cash	**2,573,075**	6,573,826	**400**	200	**2,573,475**	6,574,026	**5.82**	5.63
Receivables	**-**	-	**15,489**	10,652	**15,489**	10,652	**-**	-
Payables	**-**	-	**(158,523)**	(24,745)	**(158,523)**	(24,745)	**-**	-
Total	**2,573,075**	6,573,826	**(142,634)**	(13,893)	**2,430,441**	6,559,933		

The following methods and assumptions are used to determine the net fair values of financial assets and financial liabilities; cash deposits bear interest at normal commercial rates.

Receivables and payables: The carrying amounts are approximately equal to fair value because of the short term to maturity.

notes to the financial statements

for year ended 30 June 2007

Note 20 – Commitments

(a) Operating lease commitments

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	$	$	$	$
EXPENDITURE CONTRACTED FOR BUT NOT PROVIDED AT BALANCE DATE AND PAYABLE:				
Not later than one year	**72,185**	72,185	**72,185**	72,185
Later than one year but not later than five years	**72,185**	144,370	**72,185**	144,370
Later than five years	**-**	-	**-**	-
Total	**144,370**	216,555	**144,370**	216,555

(b) Exploration commitments

Due to deferred arrival of drilling rigs in the programme the Company has requested deferral of the timing of minimal expenditure to be completed during the tenement year.

Note 21 - Auditor's Remuneration

During the year the auditor of the parent entity and its related practices earned the following remuneration.

Audit or review of Group entities	**39,184**	**7,730**	**39,184**	**7,730**
Taxation advice	**24,105**	**7,470**	**18,605**	**7,470**
Investigating accountant's report and other work in connection with the initial public offering	**-**	**23,569**	**-**	**23,569**
GST grouping advice	**10,092**	**-**	**10,092**	**-**
Corporate structure discussions	**10,737**	**-**	**10,737**	**-**
Total	**84,118**	38,769	**78,618**	38,769

Note 22 - Director and Executive Information

(a) Details of specified directors

R N Gillard	Chairman (non-executive)
M H Babidge	Chief Executive Officer and Managing Director (executive)
C E Bennett	(non-executive)
T L C Goh	(executive)
P R Oates	(non-executive)

(b) Remuneration policy for specified directors

The Nomination and Remuneration Committee is responsible for determining and reviewing compensation arrangements for the Chief Executive Officer, the executive team and external directors. The Remuneration Committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum shareholder benefit from the retention of a high quality board and executive team.

To assist in achieving these directives the Nomination and Remuneration Committee has sought shareholder approval to provide compensation to non-executive directors as an incentive to join the board and to executives in the form of share options which are convertible to shares given the achievement of pre-specified objectives. Details of options provided to directors during the year are shown in note 18(i).

(c) Executive directors

The current remuneration arrangements for executive directors include the following salary and superannuation compensation:

M H Babidge Salary $160,000 plus 9% superannuation per annum

T L C Goh Salary $120,000 plus 9% superannuation per annum

Mr Babidge and Mr Goh have contracts of employment.

They are entitled to 20 days annual leave and an entitlement to long service leave calculated in accordance with the provisions of the relevant legislation. Either party may elect to terminate the agreed arrangements by the giving of three (3) months notice.

In the case of the Company terminating employment or redundancy, or where the employment is terminated within 4 months following a "change of control" as defined in section 50AA of the Corporations Act 2001 executives nominated will be entitled to receive a redundancy termination payment, which will be not less than 24 months "Base Salary Package" referred to above applying at the time of termination, but not ever being less than the Base Salary Package at any time.

The letters of appointment provide that remuneration will be reviewed on 30 September each year based on performance and the scope of position responsibilities.

(d) Non-executive directors

Shareholders have approved a total limit of $200,000 for non-executive director compensation which has been partially allocated as follows:

Chairman $50,000 plus 9% superannuation per annum

Other directors $40,000 plus 9% superannuation per annum

No additional remuneration is payable as compensation for membership of Board Committees. Additional fees are payable to directors providing services to the Company other than within the scope of the normal duties of non-executive directors including, for example, the provision of detailed accounting and financial advice including discussions and negotiations with third parties.

Remuneration includes amounts payable to director controlled entities for services provided by directors.

(e) Equity compensation

The value of equity compensation has been determined using the Black and Scholes option valuation model to assess an approximate intrinsic value of options issued to directors during the relevant years.

The values assigned to options are as follows:

Options issued prior to listing at - $0.0082

Options issued subsequent to listing at - market value

(f) Remuneration details

	BASE REMUNERATION $	SPECIAL FEES (a) $	ALLOWANCES $	SUPER-ANNUATION $	OPTIONS $	TOTAL $
M H Babidge	**150,592**	-	**15,756**	**13,553**	**55,667**	**235,568**
C E Bennett	**39,996**	**15,197**	**756**	**3,600**	-	**59,549**
R N Gillard	**49,998**	-	**15,756**	**4,500**	-	**70,254**
T L C Goh	**114,212**	-	**15,756**	**10,279**	**27,833**	**168,080**
P R Oates	**39,996**	**1,480**	**756**	**3,600**	-	**45,832**
Total	**394,794**	**16,677**	**48,780**	**35,532**	**83,500**	**579,283**

(a) Special fees are paid for services provided of external directors outside the scope of their normal responsibilities as directors of the Company. No fees are paid to directors for membership of Board Committees

for year ended 30 June 2007

(g) Other matters

No part of this remuneration was performance based except for Messrs Babidge and Goh.

Apart from executive directors no executives are employed by the Group. No remuneration was paid to any director or executive in the prior financial year.

(h) Shareholdings

The numbers of shares in the Company held during the financial year by directors, including shares held by entities they control, are set out below:

	BALANCE AT 1 JULY 2006	RECEIVED AS REMUNERATION	OPTIONS EXERCISED	OTHER MOVEMENTS	BALANCE AT 30 JUNE 2007
Parent Entity Directors					
M H Babidge (a)	35,000,002	-	-	(30,000,001)	5,000,001
C E Bennett	200,000	-	-	-	200,000
R N Gillard	2,600,000	-	-	-	2,600,000
T L C Goh (a)	10,000,001	-	-	(5,000,000)	5,000,001
P R Oates (b)	-	-	-	50,000	50,000

(a) The shares and options referred to in the "Other Movements" column were cancelled on the 17 July 2006 for no consideration.

(b) Purchased on market.

(i) Option holdings

The numbers of options in the Company held during the financial year by directors, including shares held by entities they control, are set out below.

	BALANCE AT 1 JULY 2006	RECEIVED AS REMUNERATION	OPTIONS EXERCISED	OTHER MOVEMENTS	BALANCE AT 30 JUNE 2007	VESTED AND EXERCISABLE AT YEAR END
PARENT ENTITY DIRECTORS						
M H Babidge (a)	26,250,000	5,000,000	-	(22,500,000)	8,750,000	3,750,000
C E Bennett	3,100,000	-	-	-	3,100,000	3,100,000
R N Gillard	5,300,000	-	-	-	5,300,000	5,300,000
T L C Goh (a)	7,500,000	2,500,000	-	(3,750,000)	6,250,000	3,750,000
P R Oates	500,000	-	-	-	500,000	500,000

(a) The shares and options referred to in the "Other Movements" column were cancelled on the 17 July 2006 for no consideration.

Note 23 - Related Party Transactions

Controlled Entities

Investments in controlled entities comprise:

NAME	PRINCIPAL ACTIVITIES	BENEFICIAL PERCENTAGE HELD BY ECONOMIC ENTITY	
		2007 %	2006 %
Eneabba Gas Limited	Chief entity		
WHOLLY OWNED CONTROLLED ENTITIES:			
Eneabba Energy Pty Ltd	Power generation	100	100
Eneabba Holdings Pty Ltd	Investments & asset management	100	100
Eneabba Mining Pty Ltd	Mineral exploration	100	100
Eneabba Power Pty Ltd	Operations & infrastructure	100	100

All controlled entities are incorporated in Australia.

Loans to controlled entities

At balance date the parent entity had provided unsecured loans to its controlled entities as follows:

	$
Eneabba Energy Pty Ltd	**5,635,252**
Eneabba Holdings Pty Ltd	**97,180**
Eneabba Mining Pty Ltd	**1,215,368**
Eneabba Power Pty Ltd	**8,717**

The loans are for an indefinite term and carry interest at 150 basis points above the Reserve Bank of Australia Cash Rate Target at the end of each quarter with interest compounding quarterly.

The Company has paid fees of $45,000 to Corporate Consultants Pty Ltd, a company in which the Company Secretary Mr S M Shah has substantial financial interest. The fees were for accounting and secretarial services based on an hourly rate commensurate with the service provided.

WODEN PTY LTD

In April 2007, the Company bought back a 3% royalty interest held by Woden Pty Ltd in the Company's exploration permit, E70/2676 for a purchase price of $10,000. Mr Babidge was a director of and a 50% shareholder in Woden Pty Ltd. The funds were used by Woden Pty Ltd to pay for costs of winding up and the company has since been deregistered.

ACCOUNTING AND SECRETARIAL SERVICES

The parent entity provides accounting and secretarial services to its controlled entities without charge.

for year ended 30 June 2007

Note 24 - Earnings Per Share

	CONSOLIDATED	
	2007 CENTS	2006 CENTS
Basic earnings (loss) per share	(2.38)	(0.94)
Diluted earnings (loss) per share	(2.38)	(0.94)
	NUMBER	NUMBER
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**71,247,236**	77,632,157
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**71,247,236**	77,632,157

Note 25 - Subsequent Events

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

Note 26 - Reconciliation of Loss from Operations to Net Cash Flows used in Operations

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	$	$	$	$
Loss from operations	**(1,697,270)**	(729,757)	**(34,968)**	(737,688)
Adjustments for:				
Depreciation	**18,486**	8,354	**18,121**	8,354
Amortisation	-	2,241	-	2,241
Inter-company charges	-	-	**(1,024,594)**	
Net loss on disposal of property, plant and equipment	**1,012**	1,937	**1,011**	1,937
Loss on sale of exploration licenses	-	-	-	7,205
Share option expense	**83,500**	130,900	**83,500**	130,900
Feasibility study asset costs expensed	**555,992**	-	-	-
CHANGES IN ASSETS AND LIABILITIES:				
Increase in provision for loans to controlled entities	-	-	**(56,123)**	56,123
Increase in trade and other receivables	**(369)**	(3,943)	**6,018**	(3,943)
Increase in prepayments	**3,238**	(10,570)	**3,238**	(10,570)
Increase in trade and other payables	**23,280**	24,745	**20,224**	25,045
Increase in deposits	**2,000**	-	**2,000**	-
Increase in provision for employee benefits	**43,020**	15,350	**43,020**	15,350
Increase in provision for unearned income	**1,333**	-	-	-
Other amounts	-	-	-	825
Net cash flows used in operations	**(965,778)**	(560,743)	**(938,553)**	(504,221)

directors' declaration

for year ended 30 June 2007

In accordance with a resolution of the directors of Eneabba Gas Limited we state that:

In the opinion of the directors:

(a) the financial statements and notes of the Company and of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards and 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.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2007.

On behalf of the Board

R N Gillard
Chairman
12 September 2007

M H Babidge
Managing Director
12 September 2007

PKF

Chartered Accountants
& Business Advisers

INDEPENDENT AUDIT REPORT

TO MEMBERS OF ENEABBA GAS LIMITED

Scope

Report on the Financial Report

We have audited the accompanying financial report of Eneabba Gas Limited which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, 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 year end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgemental, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PKF is a national association of independent chartered accounting and consulting firms, each trading as PKF. PKF Australia Ltd is also a member of PKF International, an association of legally independent chartered accounting and consulting firms.

Tel: 61 8 9278 2222 | Fax: 61 8 9278 7700 | www.pkf.com.au
West Australian Partnership / ABN 39 542 778 278
Level 7, BGC Centre | 28 The Esplanade | Perth | Western Australia 6000 | Australia
PO Box Z5066 | St Georges Terrace | Perth | Western Australia 6831

independant audit report

for year ended 30 June 2007

PKF

Chartered Accountants
& Business Advisers

Independence

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

Audit opinion

In our opinion, the financial report of Eneabba Gas Limited is in accordance with:

(a) the Corporations Act 2001, including:

  (i) giving a true and fair view of Eneabba Gas Limited and the consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and

  (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

PKF

PKF
Chartered Accountants

Ian Olson
Partner

Dated at Perth, Western Australia this 12th day of September 2007.

additional shareholder information

The shareholder information set out below was applicable as at 12 September 2007

Substantial shareholders

Holdings of substantial shareholders as advised to the Company are set out below.

NAME OF INTEREST HOLDER	NUMBER OF ORDINARY SHARES
Koo Sing Kuang	10,440,000
Mark Hansford Babidge	5,000,001
Thomas Lik Cheng Goh	5,000,001

Distribution of holders of equity securities

SIZE OF HOLDING	ORDINARY SHARES	OPTIONS
1 to 1,000	2	2
1,001 to 5,000	83	145
5,001 to 10,000	200	96
10,000 to 100,000	391	201
100,001 and over	70	47
	746	491

The number of shareholdings comprising less than a marketable parcel was 29.

additional shareholder information

for year ended 30 June 2007

Voting Rights

The voting rights attaching to ordinary shares are governed by the Constitution. On a show of hands every person present who is a Member or representative of a Member shall have one vote on a poll, every Member present in person or by proxy or by attorney or duly authorised representative shall have one vote for each share held. None of the options have any voting rights.

TWENTY LARGEST SHAREHOLDERS AS AT 12 SEPTEMBER 2007	NUMBER OF SHARES	% HELD
Lakemba Pty Ltd	9,473,851	12.70
Mark Hansford Babidge	5,000,001	6.70
Thomas Lik Cheng Goh	5,000,001	6.70
John Milton Saunders	4,000,001	5.36
Lewis Lick-Wei Wu	4,000,000	5.36
Kar Chan Wan	2,000,000	2.68
Clara Lin-K'un Lee	2,000,000	2.68
Michael Kwek	1,700,000	2.28
Amalgamation Sale and Takeover Consultants Pty Ltd	1,600,000	2.15
Eng Sun Lim	1,500,000	2.01
Fui Howe Lee	1,400,000	1.88
Augustine Chew Teck Teo	1,300,000	1.74
Ecsel Pty Ltd	1,248,400	1.67
John Milton Saunders	1,000,000	1.34
Reginald Norman Gillard	1,000,000	1.34
Michelle Lourdes Soares	1,000,000	1.34
Erriate Pty Ltd	1,000,000	1.34
Chieh Fei Wu	1,000,000	1.34
Lai Heng Mok	500,000	0.67
Owen William Nugent	500,000	0.67
	46,222,254	61.95

additional shareholder information

The shareholder information set out below was applicable as at 12 September 2007

TWENTY LARGEST OPTIONHOLDERS AS AT 12 SEPTEMBER 2007 Options exercisable at 30 cents expiring 30 June 2009	NUMBER OF OPTIONS	% HELD
Lakemba Pty Ltd	4,620,000	9.50
Reginald Norman Gillard	4,500,000	9.25
Mark Hansford Babidge	3,750,000	7.71
Thomas Lik Cheng Goh	3,750,000	7.71
John Milton Saunders	3,750,000	7.71
Christopher Edward Bennett	3,000,000	6.17
Lewis Lick-Wei Wu	2,000,000	4.11
Kar Chan Wan	1,000,000	2.06
Clara Lin-K'un Lee	1,000,000	2.06
Balcatta Boys Pty Ltd	800,000	1.64
Eng Sun Lim	750,000	1.54
Ecsel Pty Ltd	750,000	1.54
Fui Howe Lee	700,000	1.44
Augustine Chew Teck Teo	650,000	1.34
Michelle Lourdes Soares	500,000	1.03
Erriate Pty Ltd	500,000	1.03
Peter Raymond Oates	500,000	1.03
Michael Kwek	500,000	1.03
Chieh Fei Wu	500,000	1.03
Nefco Nominees Pty Ltd	400,000	0.82
	33,920,000	69.75

Restricted Securities

A total of 18,650,000 options are subject to ASX escrow conditions up to 28 April 2008.

A further 850,000 options are subject to voluntary escrow up to 28 April 2008.

Other Options

A total of 7,500,000 "Executive" options are on issue. They are exercisable at 0.001 cents each up to 30 June 2008, subject to occurrence of one of the following:

(a) unconditional approval for the construction of the Centauri 1 power station near Dongara, Western Australia;

(b) the sale of the Company's major assets and the undertakings for consideration amounting to not less than $50,000,000; or

(c) a takeover offer for the Company's securities.

The Executive Options are held by Mark Babidge (5,000,000) and Thomas Goh (2,500,000).

Use of Cash and Cash Equivalent assets

The use of cash funds held by the Company from the commencement of ASX quotation (28 April 2006) up to 30 June 2007 has been consistent with the Company's business objective of assessing the feasibility of constructing the proposed 168 MW Centauri 1 power station near Dongara, Western Australia.

tenement summary

for year ended 30 June 2007

TENEMENT PARTICULARS	REGISTERED HOLDER	SHARES	INITIAL TERM COMMENCED	INITIAL TERM EXPIRES	BLOCKS
EL 70/2676	EMPL	100	13/10/2004	12/10/2009	26
EL 70/2758	EMPL	100	15/11/2005	14/11/2010	70
EL 70/2759	EHPL	100	15/11/2005	14/11/2010	61
EL 70/2761	EMPL	100	15/11/2005	14/11/2010	61
EL 70/2762	EMPL	100	15/11/2005	14/11/2010	70
EL 70/2763	EMPL	100	15/11/2005	14/11/2010	50
EL 70/2764	EMPL	100	15/11/2005	14/11/2010	50
EL 70/2765	EMPL	100	15/11/2005	14/11/2010	59
EL 70/2785	EMPL	100	15/11/2005	14/11/2010	65
EL 70/2786	EMPL	100	15/11/2005	14/11/2010	41
EL 70/2798	EMPL	100	15/11/2005	14/11/2010	37

Eneabba Mining Pty Ltd (EMPL):

E 70 / 2676	E 70 / 2758	E 70 / 2761	E 70 / 2762	E 70 / 2763
E 70 / 2764	E 70 / 2765	E 70 / 2785	E 70 / 2786	E 70 / 2798

Eneabba Holding Pty Ltd (EHPL):

E 70 / 2759

The Company has grouped the tenements in Eneabba Mining Pty Ltd under combined status reporting under Section 115A (4) of the Mining Act 1978-1994 and is now known as the "Sargon Group". The Department of Industry & Resources Approval for this grouping is C 32/2006 M12550.

Due to deferred arrival of drilling rigs in the programme the Company has requested deferral of the timing of minimal expenditure to be completed during the tenement year.