



## Eneabba Gas Limited

ABN 69 107 385 884

### ASX Announcement / Media Release

1 April 2009

#### **Eneabba reaches critical milestone in development of WA power station, reaching agreement with Carbon Energy for development of UCG gas supply**

##### Highlights

- Eneabba Gas signs Heads of Agreement (HoA) with Carbon Energy for sale of coal exploration assets in the Mid West region of WA.
- Issue of 30,000,000 CNX fully paid ordinary shares and royalty rights to Eneabba Gas in exchange for the Sargon Group coal tenements.
- Carbon Energy to enter into agreement with Eneabba Gas to supply a minimum of 15 TJ per day (up to 45 TJ per day) of UCG Syngas for the Centauri 1 Power station.
- Agreement likely to see significant reduction in energy costs for region.
- Project has significant infrastructure advantages.

Australian energy company, Eneabba Gas Limited, (ASX: ENB) (“Eneabba Gas” or “the Company”) has reached a critical milestone in the development of its proposed Centauri 1 Power Station, near Dongara in Western Australia, executing a Heads of Agreement (HoA) with Carbon Energy Limited (ASX: CNX) (“Carbon Energy”) to jointly develop a UCG gas supply for the facility.

The signing of the HoA is the first step of a process which, when successfully completed, will result in;

1. Carbon Energy acquiring a substantial coal exploration area in Western Australia, including at least a 300 Mt JORC inferred resource, through the acquisition of Eneabba Gas subsidiary, Eneabba Mining Pty Ltd (“EMPL”), subject to the final results of the drilling programme.
2. The execution of a Gas Sales Agreement for a minimum of 15 TJ per day (up to 45 TJ per day) of UCG Syngas for the Centauri 1 Power station, and
3. Issue of 30,000,000 CNX fully paid ordinary shares to EGL in exchange for the Sargon Group of coal tenements (see attached image).

Eneabba Gas CEO & Managing Director Mark Babidge believes that Carbon Energy has the access to advanced technology, demonstrated proven ability in the successful development of underground coal gasification (“UCG”) project of this nature and most importantly through this agreement they would be able to provide a regular source of gas supply for the proposed Centauri 1 Power Station.

“Carbon Energy has demonstrated its ability to be a leader in the development of UCG projects in Australia, through both the work at its state-of-the-art facility at Bloodwood Creek in Queensland and the results of recent trials of its technology in the field,” Mr Babidge said.

“For this reason we believe that they are the perfect partner for this project and to this end we see the signing of this HoA as a key milestone in the development of the Centauri 1 Power Station, a facility we believe will be of immense benefit to the Mid West region of Western Australia when operational.”

Mr Babidge also believes the sale of EMPL to Carbon Energy will provide significant financial benefits to the Company and its energy users in the Mid West, with the Syngas Gas Sales Agreement likely to reduce (on current North West Shelf Gas pricing) the annual fuel cost for Centauri 1 by approximately A\$30 million per annum, most of which will be passed on in energy pricing.

“This fuel price reduction will ensure that power delivery in the Mid West region from the Centauri 1 power station will give significant support to the iron ore miners in the region, Mr Babidge said.

“The miners will not only have the ability of local generation, but power at much reduced price to assist in their project’s economic benefit, thereby supporting the State Government’s desire and vision for the Oakajee port to commence.” he added.

EMPL’s coal tenements in the Mid West of Western Australia are well placed for development, located adjacent to major infrastructure. The existing port of Geraldton and the planned deepwater Oakajee port are within 60-70 kms, a railway runs through 5 of the 10 tenements and the main highway from Perth, north to the Pilbara and the Kimberley, the Brand Highway also runs past the tenements.

The Chairman of Eneabba Gas Limited, Reg Gillard is pleased to have CNX, an undisputed world leader in UCG technology, as a partner in the Centauri 1 power station. He has also thanked the shareholders of ENB for their support and patience, which has been required as the Mid West Region finally comes of age.

Eneabba Gas Limited is a Greenhouse Challenge Plus Member and has already focussed on Centauri 1 power station to be a ‘carbon neutral’ site, with conservation of some 3,000 acres of remnant bush, which also been confirmed by the Greenhouse Office to offset some 30.5 MW equivalent of carbon credits.

The successful completion of the transactions contemplated by the HoA is subject to mutual due diligence including the drilling by EMPL on its tenements and the subsequent negotiation of binding formal agreements between the parties.

For further information please contact:

Mark Babidge  
CEO & Managing Director  
Eneabba Gas Limited

David Tasker  
Professional Public Relations  
T: 08 9388 0944/ 0433 112 936  
E: [david.tasker@ppr.com.au](mailto:david.tasker@ppr.com.au)

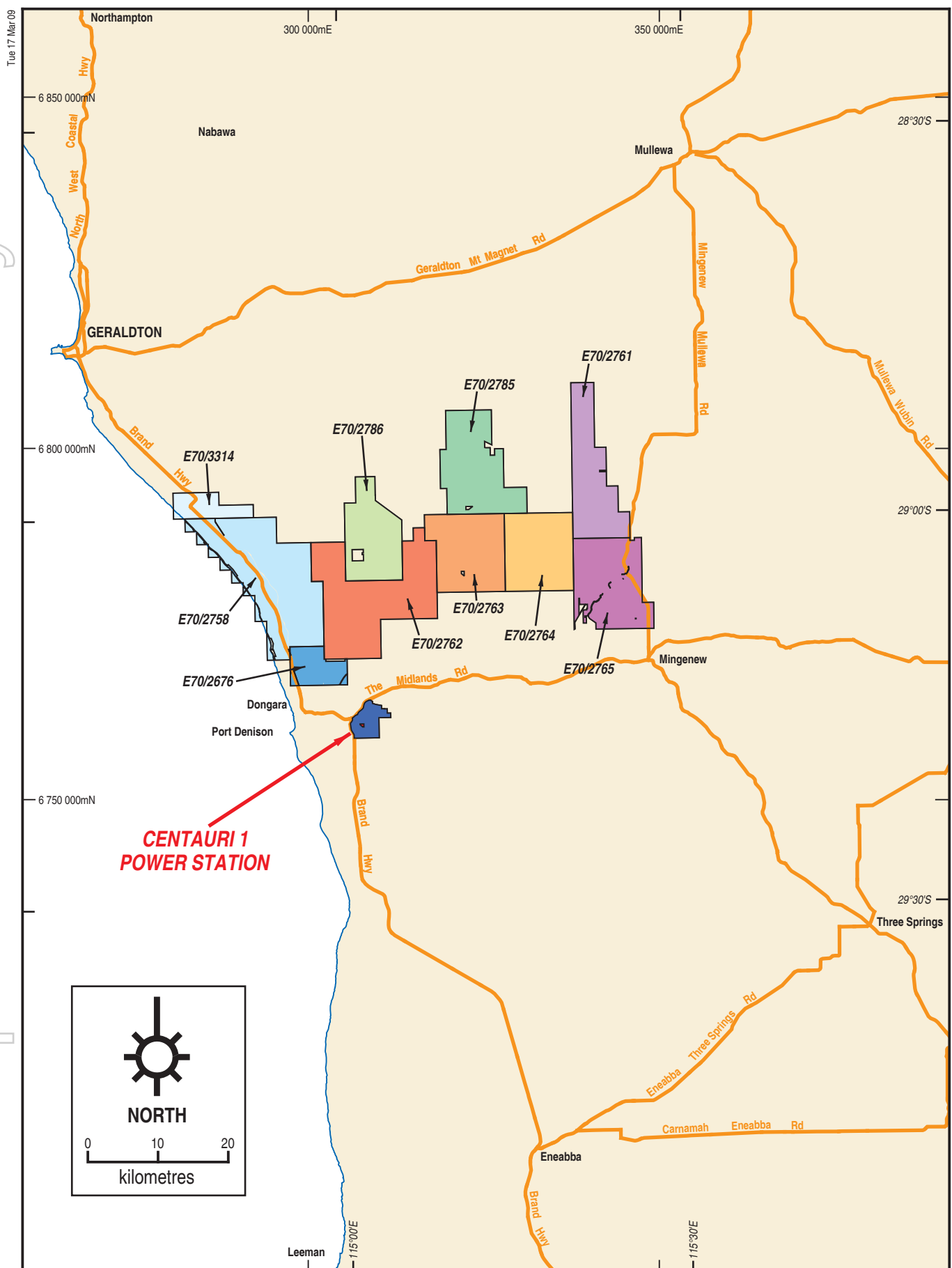
Website: [www.eneabbagas.com.au](http://www.eneabbagas.com.au)

#### **About Eneabba Gas Limited**

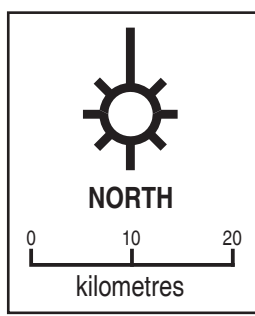
Eneabba Gas is focused on the development of the 168MW gas-fired Centauri 1 power station on Company-owned land near Dongara in the Mid West of Western Australia. Eneabba Gas proposes to market power from Centauri 1 to the fast growing Mid West region of Western Australia.

MAP OF TENEMENTS attached

For personal use only



**CENTAURY 1  
POWER STATION**



**ENEABBA GAS LIMITED**  
 Level 1, 30 Ord Street, West Perth, WA 6005  
 phone: +61 8 9321 0099 www.eneabbagas.com.au

**Figure 17  
 CENTAURY 1 POWER STATION AND TENEMENTS**

Auth: M. Babidge	Project: 3206
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