

ENTEK EXITS GULF OF MEXICO

Entek Energy Limited is pleased to advise that it has entered into an agreement with Peregrine Oil & Gas, LP to sell the Company's entire Gulf of Mexico portfolio. These interests comprise Entek's respective 38% and 25% interests in the GA A133 and PN 975 blocks, and its overriding royalty interest in the VR 341/342 blocks.

By way of background, the GA A133 and PN 975 gas developments have now both been shut-in following their natural depletion and are scheduled to be plugged and abandoned (P&A) during 2016/17. As part of this transaction, Peregrine (who operate both of these developments) has assumed all of Entek's P&A obligations in GA A133 and PN 975 including the provision by Peregrine for all bonding requirements which have recently been increased by the relevant US Government authorities. Entek's share of these bonding and abandonment obligations is estimated to total in excess of US\$1 million. In addition thereto Peregrine has agreed to pay Entek a cash consideration of approximately US\$1.86million.

Accordingly, the value attributed to the VR 341/342 oil and gas royalty stream sold to Peregrine as part of this transaction is approximately US\$3 million.

Entek's Chairman, Mr Graham Riley, commented:

"Our decision to exit the Gulf of Mexico follows a strategic review by your Board in light of the continuous challenging oil and gas price and capital market conditions which, coupled with new onerous bonding requirements for future P&A obligations, has significantly restricted the participation of junior companies like Entek in US offshore producing assets. This transaction eliminates the significant and open ended funding obligations for the abandonment of Entek's two depleted Gulf of Mexico gas interests and stabilises the Company's working capital position to around US\$3 million upon receipt of funds expected shortly."

For further information contact:

KIM PARSONS OR GRAHAM RILEY

Competent Persons Statement:

Information in this report that relates to Hydrocarbon Reserves / Resources is based on information compiled by Ms Kim Parsons, CEO of Entek Energy Limited who has consented to the inclusion of that information in the form and context in which it appears. Ms. Parsons is highly qualified and has over 30 years' experience in geoscience in the international petroleum industry,

ENTEK AT A GLANCE

Entek is US focussed with a substantial acreage position in the Niobrara Oil Resource Play, including an area of enhanced potential due to embedded Igneous Intrusive Sills.

DIRECTORS & OFFICERS

Graham Riley
Chairman
Kim Parsons
Chief Executive Officer
Alexander Forcke
Non-Executive Director
Andrew Padman
Non-Executive Director

CONTACT

338 Hay Street
Subiaco, WA 6008
Australia

T +61 8 9213 4388
E info@entekenergy.com.au
www.entekenergy.com.au

ASX Code: ETE