

## QUARTERLY ACTIVITIES REPORT

Following the sale of our Gulf of Mexico offshore royalty and gas well interests and associated bonding and abandonment liabilities during the last quarter, the Company has been focussed on rationalising our remaining unconventional onshore Niobrara assets, and further reducing all ongoing office, staffing and consultant expenses.

### *Battle Mountain AMI*

It is the expressed view of the Operator in the Battle Mountain Joint Venture (GRMR) that any Niobrara wells to be drilled this year are not expected to be economic or profitable in the current oil price environment. This view is also shared by our on-ground management and advisors. Consequently, the question of our participation in any proposed wells will have to be very carefully considered, particularly having regard to the current and continuing difficulty in raising any fresh capital for exploration of these types of assets in the United States.

GRMR has to date identified some 17 drilling locations, 12 of which they have sought drilling approval from the relevant Authority. It is understood that four of these locations have been approved by the Authority to date. However, as yet no drilling proposal has formally been provided to Entek by the Operator, as required under the terms of our Joint Venture Operating Agreement. Once such a proposal is formally put, it will trigger a 30 day consultancy period prior to the issue of an Authority For Expenditure, for approval. Once this has been received a further 30 day period is triggered for Entek to consider whether it will participate or not, with various consequences following a decision not to participate in any particular well, all to be considered at that time.

All these matters will be carefully weighed up by the Board following receipt of any formal proposal, including the overall cost to the Company, the anticipated lack of any short term economic impact of any success, and the prospects of any possible sale or farm out of Entek's 20% interest in this joint venture.

Whilst our current capital base demands that any significant exploration expenditure be carefully assessed in the current economic environment, the Company remains fully funded to currently enforce and protect its existing exploration interests and attaching rights, and to move forward to maximise their value.

### *Focus Ranch Unit*

Entek has been in negotiations with the relevant Authorities regarding a proposal to contract the Unit by some 8,500 acres to approximately 29,000 acres. The proposed remaining acreage will contain the areas of most significant geological interest, and Entek is proposing a number of new well locations within the new Unit boundary as part of a Master Development Plan. These locations will be subject to a lengthy environmental review by the regulatory authorities to integrate new sage grouse guidelines applicable to the area. Acreage outside the new Unit will receive an automatic two year extension and the Company will always be at liberty to propose its own wells or entertain farm out offers on this particular acreage.

The forward field program for the 2016 season is likely to be limited to the abandonment of two dormant wells which do not have any further future economic benefit or use to the development of Focus Ranch. The cost of this work is limited to approximately US\$130,000.

As with all our remaining exploration assets, the Company is continuing to actively seek third party participation for Focus Ranch by way of farm out or other favourable disposition.

## **SLATER DOME GAS PIPELINE**

Notwithstanding that our pipeline remains shut in, there has been a recent increase in surrounding drilling activity, and the Company is continuing to seek expressions of interest from local industry.

## **NEW EXPLORATION INITIATIVES**

Entek is continuing to review available exploration proposals, both here in Australia, and in the United States, which have potential to create future value for shareholders. To date none considered have been sufficiently prospective to justify participation but the Directors and senior staff remain live to opportunity flow and continued evaluations.

## **CORPORATE**

### **Cash Position**

As shown in the attached Appendix 5B, the 30 June 2016 cash balance held by Entek was approximately A\$3.7 million, reflecting the proceeds from the sale of Entek's Gulf of Mexico assets during the quarter. The Company has continued to implement additional cost reduction measures across all possible areas of its operations including the change of employment status of its Denver based staff to part time contractors. This change will be reflected in lower forward administrative costs and one-off employment termination payouts made this month under the terms of the respective employment contracts. Entek's Denver based CEO and required landman staff will continue to provide their services on an as-needs-basis going forward.

### **Investor Presentation**

The Company's US staff are currently preparing an updated Investor Presentation to integrate last season's exploration results into the potential for future hydrocarbon discoveries on our existing acreage positions, and how changing economics in future petroleum markets could impact upon this.

## Top 20 Shareholders

The current Top 20 Shareholders of the Company as at 30 June, 2016 are set out below:

Rank	Name	Units	% of Units
1.	UBS NOMINEES PTY LTD	24,980,398	4.89
2.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	23,035,588	4.51
3.	MININGNUT PTY LTD	23,000,000	4.50
4.	TOPSPEED PTY LTD <SKINNER NO 1 SUPER A/C >	18,145,545	3.55
5.	GDR PTY LTD <THE RILEY SUPER FUND A/C >	14,174,919	2.78
6.	MR JAMES DAVID TAYLOR	13,095,933	2.56
7.	MR JAMES DAVID TAYLOR + MRS MARION AMY TAYLOR <ITS MANAGEMENT S/F A/C >	8,452,494	1.66
8.	IAN SANDOVER & ASSOCIATES PTY LTD <SANDOVER SUPER A/C >	7,500,000	1.47
9.	MR KIEREN JAMES MANN	6,834,896	1.34
10.	STRUVEN NOMINEES PTY LTD <ALAN STRUNIN STAFF S/F A/C >	6,125,000	1.20
11.	A F CONSULTING PTY LTD <A F INVESTMENTS S/FUND A/C >	6,000,000	1.17
12.	MR PETER MASKERY + MR NIGEL MASKERY + MR JAMES EDWIN PROUSE <NATIONAL 86 A/C >	5,500,000	1.08
13.	MR KENNETH JOHN BULL	5,000,000	0.98
14.	MR PETER BARRETT CAPP <CAPP FAMILY A/C >	5,000,000	0.98
15.	ONE MANAGED INVT FUNDS LTD <1 A/C >	5,000,000	0.98
16.	MR ANTHONY NOEL SANDOVER <A & W SANDOVER FAMILY A/C >	5,000,000	0.98
17.	A M RILEY PTY LTD <A M RILEY SUPER FUND A/C >	4,174,919	0.82
18.	CITICORP NOMINEES PTY LIMITED	4,173,229	0.82
19.	MR ALEXANDER FORCKE	4,000,000	0.78
20.	ICE COLD INVESTMENTS PTY LTD	4,000,000	0.78
<b>Totals: Top 20 holders of ORDINARY SHARES</b>		<b>193,192,921</b>	<b>37.83</b>

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

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

### CONTACT

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