

## QUARTERLY ACTIVITIES REPORT

The Company's primary focus continues to be the rationalisation of its onshore Niobrara assets, either by way of farm-out or outright sale. This process is still ongoing and reflects the continuing challenging state of the global and, in particular, the US oil and gas sector. However, discussions with various parties are progressing and Entek will continue to pursue its strategy in maximizing the value of our assets whilst also considering new project opportunities more suited to a company of our size.

### *Battle Mountain AMI*

During the quarter Entek received the details and costings of GRMR's proposed 2016 drilling campaign, comprising two wells located within the Battle Mountain AMI (refer well location map below). Entek's working interests in these wells range from 17.68 to 18.36% with a total cost exposure of up to US\$1.214 million for its share of drilling, completion and testing costs. The well locations are based on 3D seismic and targeting natural open fractures by drilling high angle and/or horizontal paths within the Niobrara.



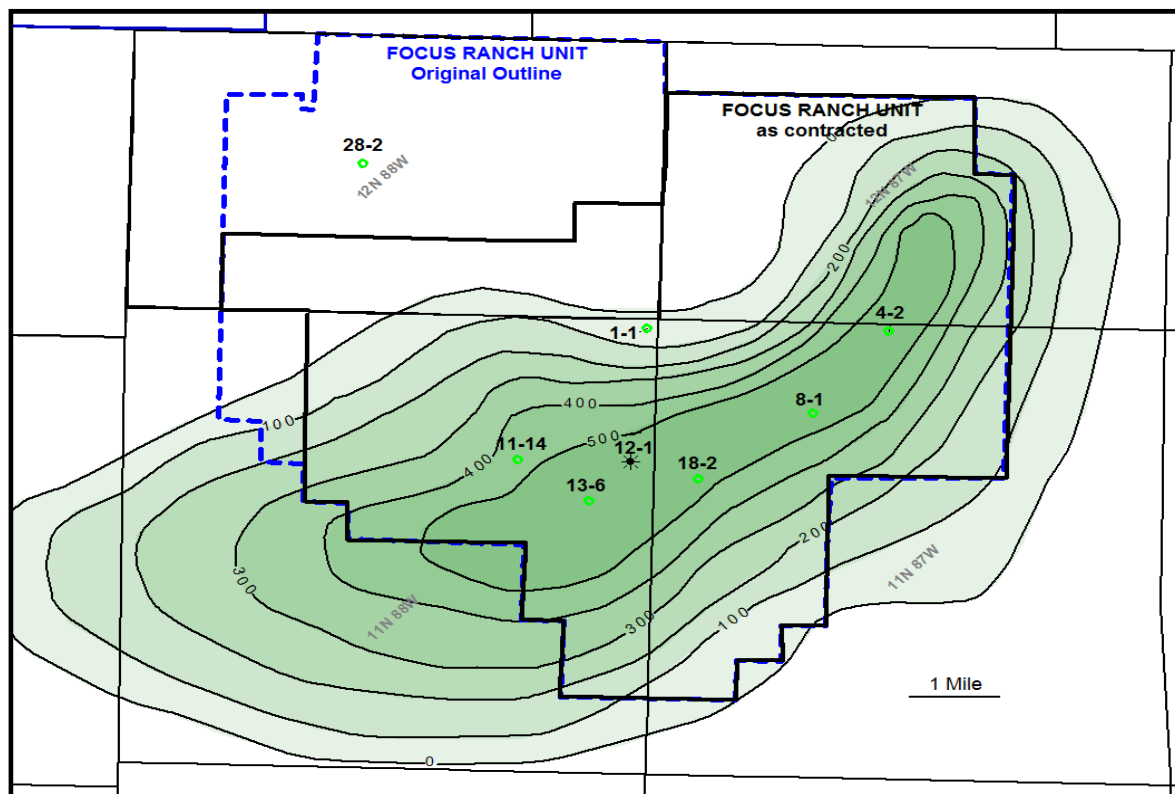
*Map of Battle Mountain AMI showing proposed 2016 GRMR well locations and 2015 GRMR drilled wells*

Having carefully considered each of the proposed wells from a technical and economic risk/return perspective and the implications on the Company in a success and failure scenario, Entek has declined to participate in these wells. This decision in no way reflects Entek's view about the overall long term prospectivity of the fractured Niobrara shale play, however, in the current low oil price environment, the resulting marginal economics do not support Entek's participation irrespective of its limited funding position.

As at the date of this report, Entek understands that the Operator has yet to receive all requisite government approvals for these wells. It is less likely that drilling will commence on the two proposed locations this year given the limited remaining drilling window. Locations on fee surface/fee minerals may still be proposed and drilled in 2016.

### *Focus Ranch Unit*

Entek is finalising negotiations with the Bureau of Land Management (BLM) to secure a Unit suspension. As part of this, Entek agreed to modify the Unit boundary to reflect the areas of significant economic potential, contracting the Unit boundary as shown below. Entek has proposed and on sited a number of new well locations as part of a Master Development Plan. These locations are subject to an environmental review by the BLM to integrate new sage grouse guidelines applicable to the area. The acreage outside the new Unit has been granted a two-year extension and Entek is actively pursuing farm-out offers or trading this acreage for sage grouse mitigation purposes.



*Focus Ranch Unit showing original unit boundary, contracted unit boundary, 12-1 well and new locations in relationship to gross sill isopach (feet)*

During the quarter Entek undertook the plugging and abandonment of two idle wells which were of no future economic benefit to the development of Focus Ranch. Entek was able to complete this work by taking advantage of current low rig equipment costs. In terms of the continued legal dispute by local ranchers challenging Entek's access rights into Focus Ranch, a further court hearing took place towards the end of the quarter. Whilst a decision on this latest appeal is yet to be issued, Entek remains confident that the landmark 2014/15 court ruling granting access will be upheld.

Going forward, Entek will continue to actively seek third party participation for Focus Ranch by way of farm out or other favourable disposition during the environmental review period for the new drilling locations.

Entek's onshore Niobrara lease holdings and respective working interests as at the end of the quarter are summarised in the table below. No farm-outs or acquisitions took place during the quarter in relation to these assets.

<i>Leases</i>	<i>State/County</i>	<i>Operator</i>	<i>Gross Acres</i>	<i>WI %</i>	<i>Net Acres to Entek</i>
Battle Mountain AMI	WY/Carbon	GRMR	~103,055	Up to 20%	~17,809
Focus Ranch Area incl. FRU	WY/Carbon & CO/Routt	Entek	~41,282	99%+	~35,009
Other Areas	WY/Carbon & CO/Routt	Entek	~5,121	100%	~2,575
Total			<b>~149,458</b>		<b>~55,393</b>

## NEW EXPLORATION INITIATIVES

Entek is continuing to review new exploration possibilities in the United States and elsewhere which have the potential to create future value for shareholders. This process is being run in parallel with our efforts to rationalise the Niobrara assets.

## CORPORATE

### Cash Position

As shown in the attached Appendix 5B, the 30 September 2016 cash balance held by Entek was approximately A\$2.8 million. The cash outflows during the quarter included costs incurred for the above mentioned well abandonment activities as well as one-off employment termination payouts made to the Company's Denver based staff under the terms of their respective employment contracts. Entek's Denver based CEO and required landman staff will continue to provide their services on an as-needs-consultancy basis which will result in lower overheads going forward.

## 2016 AGM

The Company's 2016 Annual General Meeting will be held on 30 November 2016 in Entek's offices, with the Notice of Meeting containing further details being sent out to shareholders this week. A presentation on the Company's assets and forward strategy will be provided by Entek's CEO.

## Top 20 Shareholders

The Top 20 Shareholders of the Company as at 30 September, 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.	SMART INVESTMENTS LIMITED	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	4,085,214	0.80
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>193,104,906</b>	<b>37.81</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

**Kim Parsons**  
 Executive Director/CEO  
**Graham Riley**  
 Chairman  
**Alexander Forcke**  
 Non-Executive Director

### CONTACT

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