

20 February, 2017

«Title» «First_Name» «Last_Name»
 «Company_Name»
 «Address_Line_1»
 «Address_Line_2»
 «City» «State» «ZIP_Code»
 «Country_or_Region»

Dear Option Holder,

Entek Energy Limited – Pro rata Non-renounceable Rights Issue

As announced on 11 November 2017, Entek Energy Limited (ACN 108 403 425) (**Entek** or the **Company**) is undertaking a 1 for 1 pro rata non-renounceable rights issue (**Rights Issue** or **Offer**) of up to 143,614,467 fully paid ordinary shares (**New Shares**) to raise up to \$2,872,289 (before costs). The price of New Shares under the Offer is \$0.02 each (**Issue Price**). The Company lodged an offer document for the Offer (**Offer Document**) with ASX on 20 February 2017. The Offer Document has been prepared in accordance with section 708AA of the Corporations Act and applicable ASIC Instrument 2016/84.

Completion of the Offer will result in an increase in cash in hand of up to \$2,872,289 (before the payment of costs associated with the Offer). The Company intends to apply the funds raised under the Offer together with its existing cash reserves as follows:

| | \$'000 |
|------------------------------------|---------------|
| Pre Offer cash available | 2,250 |
| Funds raised from the Offer | 2,872 |
| Total funds available | 5,122 |
| Allocation | |
| Well P&A/Rehabilitation Costs | 1,200 |
| Project evaluation and exploration | 3,000 |
| Expenses of the Offer | 130 |
| General working capital | 792 |
| Total funds applied | 5,122 |

Any funds not applied to project evaluation and exploration will be used for general working capital. The above table is a statement of the Board's current intentions as at the date of the Offer Document and, as with any budget, the allocation of funds set out in the above table

may change depending on a number of factors. In light of this, the Board reserves the right to alter the way the funds are applied.

The Offer is being made to all shareholders of the Company (**Shareholders**) named on its register of members at 5pm (WST) on 24 February 2017 (**Record Date**), whose registered address is in Australia or New Zealand.

New Shares will rank equally with all fully paid ordinary shares in the capital of the Company (**Shares**) already on issue.

Following completion of the Offer, the Company will have issued up to 143,614,467 New Shares resulting in total Shares on issue of up to 287,228,934.

A copy of the Offer Document is available on the ASX and the Company's website.

Option Holders

The terms and conditions of the options you currently hold do not entitle you to participate in the Rights Issue unless you exercise your options in time for new shares to be allotted and to be entered on the Company's register of members on or before 5.00pm WST on the Record Date.

To exercise your options and thereby participate in the Rights Issue, you will need to deliver the following to the Company at 338 Hay Street, Subiaco, WA 6008:

- (a) A notice of exercise of options;
- (b) An option certificate (where the options are certificated) or a copy of a holding statement (where the options are uncertificated) in respect of those options to be exercised; and
- (c) Payment for the exercise price in respect of those options to be exercised by way of a cheque made payable to "Entek Energy Limited".

To ensure that your new shares are allotted prior to the Record Date, the above must be received by Entek Energy Limited no later than 5.00pm WST, 23 February 2017. If received after this date, allotment of new shares prior to the Record Date cannot be assured.

Before deciding whether to exercise any or all of your options, you should read the Offer Document in its entirety.

This notice is important and requires immediate attention. If you have any queries concerning the Rights Issue, or the action you are required to take to subscribe for New Shares, please contact your financial adviser or the Company on +61 8 9213 4388.

Yours sincerely



Graham Riley
CHAIRMAN