



Consolidated Financial Report for the Half-Year  
to 31 December 2016

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Entek Energy Limited  
Corporate Directory

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**DIRECTORS:** Graham Douglas Riley (Non-Executive Chairman)  
Kimberly S Parsons (Executive Director)  
Howard Dawson (Non-Executive Director)

**COMPANY SECRETARY:** Nerida Lee Schmidt

**REGISTERED OFFICE:** 338 Hay Street  
Subiaco, Western Australia 6008

Tel: +61 (8) 9213 4388  
Fax: +61 (8) 9213 4399  
Email: [info@entekenergy.com.au](mailto:info@entekenergy.com.au)  
Website: [www.entekenergy.com.au](http://www.entekenergy.com.au)

**AUDITORS:** **Stantons International**  
Level 2, 1 Walker Avenue  
West Perth, WA 6005

Tel: +61 (8) 9481 3188  
Fax: +61 (8) 9321 1204

**SHARE REGISTRY:** **Computershare Investor Services Pty Ltd**  
Level 11  
172 St Georges Terrace  
Perth, Western Australia 6000

GPO Box D182  
Perth, Western Australia 6840  
Tel: 1300 850 505 (Within Australia)  
+61 3 9415 4000 (Outside Australia)  
Fax: +61 3 9473 2500 (Within Australia)

**LEGAL ADVISORS:** **Steinepreis Paganin**  
Level 4, The Read Buildings  
16 Milligan Street  
Perth, Western Australia 6000

**Gilbert & Tobin**  
1202 Hay Street  
West Perth, Western Australia 6005

**Norton Rose Fulbright**  
1200 17<sup>th</sup> Street, Suite 1000  
Denver, Colorado 80202-5835, USA

**BANKERS:** **Westpac Banking Corporation**  
Level 13, 109 St Georges Terrace  
Perth, Western Australia 6000

**Wells Fargo Bank, NA**  
1740 Broadway  
Denver, Colorado 80274, USA

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## DIRECTORS' REPORT

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The directors of Entek Energy Limited A.C.N. 108 403 425 ("Parent Entity" or "Company") present their report including the consolidated financial report of the Company and its controlled entities ("Consolidated Entity or Group") for the half-year ended 31 December 2016 ("Period"). The Company is a listed public company limited by shares, incorporated and domiciled in Australia.

### DIRECTORS

The names of the directors of the Company who held office during or since the end of the half-year are:

Graham Douglas Riley  
Kimberly Saar Parsons (appointed 22 July 2016)  
Howard Graham Dawson (appointed 5 December 2016)  
Alexander Forcke (resigned 1 March 2017)  
Andrew John Padman (resigned 22 July 2016)

### OPERATING RESULTS

The operating loss for the Consolidated Entity, after income tax amounted to \$1,385,745 (31 December 2015, loss of \$2,944,709). The change to the operating loss was principally due to the following:

- An unrealised foreign currency gain of \$36,951 was recorded compared to a gain of \$3,905,599 in the previous reporting period. The current period gain is related to the translation of the US\$ cash at bank. The majority of the foreign exchange gain as at 31 December 2015 related to the revaluation of US\$ denominated intercompany loans. In June 2016, the Company deemed the intercompany loans unrecoverable and the foreign exchange on the loans should be accounted for directly in other comprehensive income.
- Director, consultant and employee fees totalled \$141,350 (31 December 2015: \$305,951). The prior period included six months' salary of the previous Managing Director totalling \$143,250.
- Lower exploration expenses in the current period of \$887,398 (31 December 2015: \$1,381,858) as a result of reduced activity as the Company seeks to farm-out or sell its current working interests.
- Recognition of rehabilitation expense of \$276,610 (31 December 2015: \$Nil) for the GRB assets, updating the provision for rehabilitation to be in line with current estimates.
- The recognition of an impairment of capitalised exploration and evaluation assets totalling \$Nil (31 December 2015: \$4,998,709).
- Interests in oil producing permits and an overriding royalty agreement located in the Gulf of Mexico were sold on 9 May 2016. As a result no oil and gas revenues and royalty revenues have been earned in the current year (31 December 2015: \$318,113).

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## DIRECTORS' REPORT

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### REVIEW OF OPERATIONS

The Company's primary assets held at the end of the period comprise interests in approximately 144,000 gross acres (approximately 53,000 net acres) of leasehold in the Green River Basin (GRB) onshore USA in Colorado and Wyoming States as set out in the table below:

<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 & CO/Routt	GRMR	98,118	Up to 20%	17,299
Focus Ranch Area incl. FRU	CO/Routt	Entek	41,282	99%+	35,009
Other Areas	WY/Carbon & CO/Routt	Entek	4,674	100%	963
<b>Total</b>			<b>144,074</b>		<b>53,271</b>

During the six month period to 31 December 2016, Entek continued to actively seek third party interest for its GRB assets and reduce its US operating cost base as much as possible. Field activities were limited to the abandonment of several old wells and dealing with the regulatory authorities to successfully negotiate a temporary suspension of the Focus Ranch Unit whilst commencing the lengthy process of obtaining drilling permits for future wells in that area under a new environmental regulation regime. The new lengthy permitting approval process also impacted on the Battle Mountain AMI where the Operator, GRMR Oil & Gas LLC (GRMR), was unable to proceed with drilling any of the proposed new wells during the 2016 drilling season.

Both GRMR and Entek have now agreed to jointly market the Battle Mountain Niobrara interest, either by way of an outright sale or farm-out. The combined lease holdings of both companies make an attractive package of in excess of 140,000 gross acres which are largely contiguous and with a significant proportion subject to modern 3D seismic acquired in 2013.

Entek's interests and operatorship of both the Focus Ranch Unit and the Slater Dome gas gathering system are considered strategic and geologically prospective assets. Such assets are expected to be attractive to a purchaser seeking to acquire a large footprint of leases with ready to drill Niobrara as well as other conventional oil and gas prospects.

Activities planned for 2017 by Entek include the plugging and abandonment of certain remaining Slater Dome CBM wells and its shut-in Niobrara wells unless these are able to be sold in the near term. The cost estimate for this has recently been revised upwards to approx. US\$0.9 million but Entek is continuing to look at ways to reduce this cost or assign these obligations as part of a package deal for its GRB assets. Entek has approx. US\$0.3 million in cash backed bonds lodged with the relevant regulatory authorities as security over these wells which will be refunded to Entek upon the completion of all well plugging and rehabilitation requirements.

### CORPORATE/COMPANY FUNDING

Given the financial and logistical constraints with its current assets which are no longer suited to a company of Entek's size, the Entek Board carefully considered all available options to move the Company forward and attract additional funding as part of its strategy to pursue new venture opportunities whilst seeking to rationalise its Niobrara asset position.

On 11 November, 2016 the Company announced that it had received commitments from sophisticated and professional investors for a share and option placement utilising its 15% placement capacity under

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## DIRECTORS' REPORT

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Listing Rule 7.1 to raise \$319,000 before costs (Placement). The Placement was the first of a four-step process by Entek to restructure its capital base and raise additional funds pursuant to the final step in the process by way of a rights issue to all shareholders.

The second step provided an offer to all shareholders with unmarketable parcels to sell their shares into a facility set up for that process without incurring applicable transaction fees. 1,746 Shareholders took advantage of this opportunity with 28.6 million shares subsequently sold on market in early January 2017 at an average share price of approximately 0.63 cents. The sale of these shares significantly reduced the number of small shareholders on Entek's register which will reduce the Company's future share registry related administration costs.

The third step of the process, a four for one capital consolidation, was completed following shareholder approval at an EGM held on 8 February 2017. This consolidation reduced the number of outstanding ordinary shares issued by the Company to 143,614,467 shares.

As the final step of this process the Company is presently undertaking a non-renounceable pro rata rights issue at an issue price of \$0.02 each to raise up to approximately \$2.87 million (Offer). Subject to all shares under this Offer being issued by the Company (including the placement of any shortfall shares not taken up as part of the rights issue entitlements), Entek's issued share capital will total approximately 287 million and working capital will exceed \$5 million. This level of working capital will put Entek in a much stronger financial position to pursue and successfully acquire new project opportunities.

The Offer is currently scheduled to close on 23 March 2017 with further details contained in the Offer documentation released to ASX on 20 February 2017 and sent to eligible shareholders in early March 2017.

### EVENTS SINCE THE END OF THE REPORTING PERIOD

Other than the capital consolidation and rights issue matters noted above, no other matters or circumstances have arisen since the end of the reporting date which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in subsequent financial years.

### AUDITORS INDEPENDENCE DECLARATION

In accordance with the *Corporations Act 2001* section 307C, the auditors of the Company, Stantons International have provided a signed auditors independence declaration to the directors in relation to the half-year ended 31 December 2016. This declaration has been attached to the independent review report to the members of the Company.

Signed in accordance with a resolution of the directors.



Graham Riley  
Chairman,

9 March 2017  
Perth, Western Australia

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## DIRECTORS' DECLARATION

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The directors of Entek Energy Limited A.C.N. 108 403 425 ("Company") declare that:

- a) in their opinion the accompanying financial statements and notes of the Consolidated Entity;
  - i) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
  - ii) give a true and fair view of the Consolidated Entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and
- b) In their opinion there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



Graham Riley  
Chairman,

9 March 2017  
Perth, Western Australia

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

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	<b>Note</b>	<b>Half-Year to 31 December 2016 \$</b>	<b>Half-Year to 31 December 2015 \$</b>
<b>CONTINUING OPERATIONS</b>			
Revenue	2	747	320,415
Unrealised foreign currency gains		36,951	3,905,599
Provision for impairment of exploration and evaluation expenses		-	(4,998,709)
Other expenses	2	(1,423,443)	(2,172,014)
<b>Loss from continuing operations before income tax</b>		<b>(1,385,745)</b>	<b>(2,944,709)</b>
Income tax		-	-
<b>Loss from continuing operations after income tax</b>		<b>(1,385,745)</b>	<b>(2,944,709)</b>
<b>Other comprehensive income</b>			
<b>Items which are subsequently reclassified to profit or loss</b>			
Foreign currency translation differences		(130,483)	(2,737,807)
<b>Other comprehensive loss for the period, net of income tax</b>		<b>(1,516,228)</b>	<b>(5,682,516)</b>
<b>Total comprehensive loss for the period</b>		<b>(1,516,228)</b>	<b>(5,682,516)</b>
Comprehensive loss attributable to:			
Members of the parent entity:		(1,516,228)	(5,682,516)
<b>Basic loss per share (cents per share)</b>		<b>(0.27)</b>	<b>(0.58)</b>
<b>Diluted loss per share (cents per share)</b>		<b>(0.27)</b>	<b>(0.58)</b>

The accompanying notes form part of this financial report

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2016

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	Note	31 December 2016 \$	30 June 2016 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	2,621,087	3,686,537
Trade and other receivables		96,483	257,194
Inventory		10,794	20,223
<b>Total Current Assets</b>		2,728,364	3,963,954
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables		385,659	377,148
Plant and Equipment		7,484	11,798
<b>Total Non-Current Assets</b>		393,143	388,946
<b>Total Assets</b>		3,121,507	4,352,900
<b>CURRENT LIABILITIES</b>			
Trade and other payables		433,720	757,695
Provisions		17,941	18,962
Provisions - rehabilitation		1,256,556	-
<b>Total Current Liabilities</b>		1,708,217	776,657
<b>NON-CURRENT LIABILITIES</b>			
Provisions - rehabilitation		-	943,740
<b>Total Non -Current Liabilities</b>		-	943,740
<b>Total Liabilities</b>		1,708,217	1,720,397
<b>Net Assets</b>		1,413,290	2,632,503
<b>EQUITY</b>			
Issued capital	3	60,088,949	59,791,934
Reserves	4	10,188,416	10,318,899
Accumulated losses		(68,864,075)	(67,478,330)
<b>Total Equity</b>		1,413,290	2,632,503

The accompanying notes form part of this financial report

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**CONDENSED CASH FLOW STATEMENT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

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	<b>Half-Year to 31 December 2016 \$</b>	<b>Half-Year to 31 December 2015 \$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	-	347,660
Payments to suppliers & employees	(286,010)	(759,922)
Interest received	747	2,302
<b>Net Cash (used in) by Operating Activities</b>	<b>(285,263)</b>	<b>(409,960)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Placement of Security Deposit	-	(133,205)
Purchase of Exploration Assets	-	(68,595)
Operating Exploration and Development expenditure	(1,145,153)	(3,509,836)
Proceeds from the sale of pipeline inventory	31,000	-
<b>Net Cash (used in) Investing Activities</b>	<b>(1,114,153)</b>	<b>(3,711,636)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from equity issues	319,000	-
Payments related to equity issues	(21,985)	-
<b>Net Cash provided by Financing Activities</b>	<b>297,015</b>	<b>-</b>
<b>Net decrease in Cash and cash equivalents</b>	<b>(1,102,401)</b>	<b>(4,121,596)</b>
Net foreign exchange differences	36,951	334,472
Cash and cash equivalents at beginning of period	3,686,537	6,261,842
<b>Cash and cash equivalents at end of Period</b>	<b>2,621,087</b>	<b>2,474,718</b>

The accompanying notes form part of this financial report

CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

<b><u>Attributable to Members of the Company</u></b>	<b>Issued Capital \$</b>	<b>Option Premium Reserve \$</b>	<b>Currency Translation Reserve \$</b>	<b>Accumulated Losses \$</b>	<b>Total Equity \$</b>
At 1 July 2015	59,791,934	5,565,788	(10,711,590)	(32,998,219)	21,647,913
Loss for period	-	-	-	(2,944,709)	(2,944,709)
<b>Other comprehensive loss</b>					
Currency translation differences	-	-	(2,737,807)	-	(2,737,807)
<b>Total comprehensive result for the period</b>	-	-	(2,737,807)	(2,944,709)	(5,682,516)
Share based payment	-	9,163	-	-	9,163
<b>At 31 December 2015</b>	59,791,934	5,574,951	(13,449,397)	(35,942,928)	15,974,560

<b><u>Attributable to Members of the Company</u></b>	<b>Issued Capital \$</b>	<b>Option Premium Reserve \$</b>	<b>Currency Translation Reserve \$</b>	<b>Accumulated Losses \$</b>	<b>Total Equity \$</b>
At 1 July 2016	59,791,934	5,574,951	4,743,948	(67,478,330)	2,632,503
Loss for period	-	-	-	(1,385,745)	(1,385,745)
<b>Other comprehensive loss</b>					
Currency translation differences	-	-	(130,483)	-	(130,483)
<b>Total comprehensive result for the period</b>	-	-	(130,483)	(1,385,745)	(1,516,228)
Issue of share capital	319,000	-	-	-	319,000
Cost of issue of share capital	(21,985)	-	-	-	(21,985)
<b>At 31 December 2016</b>	60,088,949	5,574,951	4,613,465	(68,864,075)	1,413,290

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CONDENSED NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

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**NOTE 1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT**

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. The half-year financial report should be read in conjunction with the annual Financial Report of Entek Energy Limited as at 30 June 2016. It is also recommended that the half year financial report be considered together with any public announcements made by Entek Energy Limited during the half year ended 31 December 2016 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

**a. Basis of Preparation**

These general purpose interim financial statements for the half-year reporting period ended 31 December 2016 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Entek Energy Limited and its controlled entities (referred to as the "Consolidated Group" or "Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2016, together with any public announcements made during the following half-year. These interim financial statements were authorised for issue on 9 March 2017.

**b. Accounting Policies**

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements. The Group has considered the implications of new and amended Accounting Standards but determined that their application to the financial statements is either not relevant or not material.

**c. Going Concern**

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The ability of the Consolidated Entity to continue as a going concern is dependent upon the rationalisation of its assets and associated abandonment liabilities through the outright sale or farm-down of its onshore assets or the successful completion of the current capital raising as referred to in the Corporate/Company Funding section of the Directors Report. The directors believe that at the date of signing the financial report they have reasonable grounds to believe the group will have sufficient funds to meet its obligations as and when they fall due.

Should the Company not successfully achieve a sale or farm-down of its assets, or complete the capital raising by way of the current rights issue, there will be uncertainty that casts doubt on the Company's ability to continue as a going concern and therefore realise its assets and discharge its liabilities in the normal course of business.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Half-Year to 31 December 2016 \$	Half-Year to 31 December 2015 \$
<b>NOTE 2. REVENUE, INCOME AND EXPENSES</b>		
<i>The loss before income tax expense includes the following revenues and expenses where disclosure is relevant in explaining the performance of the Company:</i>		
<b>Revenue</b>		
Oil and gas sales / royalty revenues	-	318,113
Interest received	747	2,302
	747	320,415
<b>Charging as Expenses</b>		
Directors, employees and consultants	141,350	305,951
Oil and gas operation and exploration expenses	887,398	1,381,858
Depreciation of production plant & equipment	4,314	139,687
Rehabilitation expense	276,610	-
Cost of share based payment	-	9,163
Other	113,771	335,355
	1,423,443	2,172,014
	Half-Year to 31 December 2016 \$	Year to 30 June 2016 \$
<b>NOTE 3. ISSUED CAPITAL</b>		
<b>Ordinary Shares</b>		
574,457,387 (30 June 2016: 510,657,387) fully paid ordinary shares	60,088,949	59,791,934
	60,088,949	59,791,934
<i>Movements in ordinary shares:</i>		
At the beginning of the period	59,791,934	59,791,934
Placement of 63,800,000 shares <sup>(1)</sup>	319,000	-
Cost of issue of shares	(21,985)	-
<b>At the end of the financial period</b>	60,088,949	59,791,934

<sup>(1)</sup> The company completed a placement on 16 November 2016 resulting in the issue of 63,800,000 shares with a free attaching unlisted option for every 5 shares subscribed. Each option is exercisable at \$0.01 before 31 December 2017.

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CONDENSED NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

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	<b>Half-Year to 31 December 2016</b>	<b>Year to 30 June 2016</b>
	\$	\$
<b>NOTE 4. RESERVES</b>		
Option premium reserve	5,574,951	5,574,951
Currency translation reserve	4,613,465	4,743,948
	10,188,416	10,318,899
<i>Movements in option premium reserve:</i>		
At the beginning of the period	5,574,951	5,565,788
Share based payments expense	-	9,163
<b>At the end of the financial period</b>	5,574,951	5,574,951
<i>Movements in currency translation reserve:</i>		
At the beginning of the period	4,743,948	3,655,091
Movement for the half-year	(130,483)	1,088,857
<b>At the end of the financial period</b>	4,613,465	4,743,948

	<b>Half-Year to 31 December 2016</b>	<b>Year to 30 June 2016</b>
	\$	\$
<b>NOTE 5. RECONCILIATION OF CASH AND CASH EQUIVALENTS</b>		
Cash	2,621,087	3,686,537
	2,621,087	3,686,537

As per the policy of the Company for cash flow purposes, cash and cash equivalents are made up of all cash on hand and cash at bank.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

**NOTE 6. SEGMENT INFORMATION**

**Primary Reporting Business Segments**

During the half-years ended 31 December 2016 and 31 December 2015, the Consolidated Entity operated entirely in the oil and gas industry. The consolidated entity operates in two geographical segments, Australasia and North America.

**Secondary Reporting Geographical Segments**

	<b>Total Revenue \$</b>	<b>Segment Profit/(Loss) \$</b>
Half-Year to 31 December 2016:		
Australasia	747	(129,651)
North America	-	(1,256,094)
	<u>747</u>	<u>(1,385,745)</u>
Elimination on consolidation	-	-
<b>Total</b>	<u>747</u>	<u>(1,385,745)</u>
Half-Year to 31 December 2015:		
Australasia	2,330,158	3,366,500
North America	318,113	(6,311,209)
	<u>2,648,271</u>	<u>2,944,709</u>
Elimination on consolidation	(2,327,856)	-
<b>Total</b>	<u>320,415</u>	<u>2,944,709</u>
	<b>Segment Assets \$</b>	<b>Segment Liabilities \$</b>
Half-Year to 31 December 2016:		
Australasia	2,562,058	65,690
North America	559,449	1,642,527
	<u>3,121,507</u>	<u>1,708,217</u>
<b>Total</b>	<u>3,121,507</u>	<u>1,708,217</u>
Half-Year to 30 June 2016:		
Australasia	214,787	95,590
North America	4,138,113	1,624,807
	<u>4,352,900</u>	<u>1,720,397</u>
<b>Total</b>	<u>4,352,900</u>	<u>1,720,397</u>

Segment revenues, expenses and results may include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the economic entity at an arm's length. These transfers are eliminated on consolidation.

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CONDENSED NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

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**NOTE 7. CONTINGENT LIABILITIES**

There has been no significant change in contingent liabilities since the last annual reporting date.

**NOTE 8. EVENTS SINCE THE END OF THE REPORTING PERIOD**

Other than the capital consolidation and rights issue matters noted in the Corporate/Company Funding section of the Directors' Report, no other matters or circumstances have arisen since the end of the reporting date which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in subsequent financial years.

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ENTEK ENERGY LIMITED

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Entek Energy Limited, which comprises the condensed statement of financial position as at 31 December 2016, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity, and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Entek Energy Limited (the consolidated entity). The consolidated entity comprises both Entek Energy Limited (the Company) and the entities it controlled during the half year.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of Entek Energy Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Entek Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Entek Energy Limited on 9 March 2017.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Entek Energy Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(Trading as Stantons International)**  
**(An Authorised Audit Company)**

*Stantons International*



**Samir Tirodkar**  
**Director**

West Perth, Western Australia  
9 March 2017

9 March 2017

Board of Directors  
Entek Energy Limited  
Ground Floor  
338 Hay Street  
Subiaco WA 6008

Dear Directors

**RE: ENTEK ENERGY LIMITED**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Entek Energy Limited.

As the Audit Director for the review of the financial statements of Entek Energy Limited for the half year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
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**Samir Tirodkar**  
Director