

## Quarterly Operations Update

### Highlights – Quarter Ending 30 June 2017 (Q4)

- Sale of Slater Dome Gathering System.
- Rationalisation of US based oil and gas assets continuing.
- Active search for new projects.

### Overview

Since mid-2016 the focus of Entek Energy Limited has been to reconfigure the Company's asset base in response to suppressed commodity prices, to minimise operating costs, to manage the potential sale or other favourable disposition of the US unconventional energy assets and reduce where possible the contingent liabilities relating to the rehabilitation of the US assets.

The Company has also been actively seeking a replacement asset(s) that offer more near term growth potential and that are more appropriate for a Company of Entek's asset base in the current price climate.

### United States

The significant fall in energy prices that began in late 2014 together with the current suppressed price forecast, continued environmental hurdles and waning industry sentiment have all contributed to limiting the exploration and production upside of the Company's Sand Wash Niobrara play.

This is a situation shared with many of the other companies in the same or similar type plays.

As a consequence, the Company has explored various options for managing these assets effectively. This includes their potential sale or other favourable disposition to address rehabilitation liabilities and allow for the preservation of existing funds to pursue new projects.

#### BOARD

**Howard Dawson**  
*Chairman*  
**Graham Riley**  
*Non-Executive Director*  
**Kim Parsons**  
*Non-Executive Director*

#### REGISTERED OFFICE

338 Hay Street  
Subiaco, WA 6008  
Australia

#### CONTACT

**Howard Dawson** (Chairman)  
**Nerida Schmidt** (Company Secretary)

T +61 8 9381 4975  
E [info@entekenergy.com.au](mailto:info@entekenergy.com.au)  
[www.entekenergy.com.au](http://www.entekenergy.com.au)

ASX Code: ETE

<b>Leases</b>	<b>State/County</b>	<b>Operator</b>	<b>Gross Acres</b>	<b>WI %</b>	<b>Net Acres to Entek</b>
Battle Mountain AMI	WY/Carbon & CO/Moffat	GRMR	96,458	Up to 20%	16,398
Focus Ranch Area incl. FRU	CO/Routt	Entek	41,282	99%+	35,009
Other Areas	WY/Carbon & CO/Routt	Entek	1,968	100%	392
<b>Total</b>			<b>139,708</b>		<b>51,799</b>

Table 1: Current US assets summary

Consistent with this strategy, Entek sold its Gulf of Mexico production assets in 2016 and in the March 2017 quarter finalised the sale of three dormant US subsidiaries to Peregrine Oil & Gas II, LLC.

Further, the Company recently announced the sale of its Slater Dome Gathering System which connects Entek's dormant coal seam gas wells in the Slater Dome Field to a commercial pipeline. This field has been shut in since 2013 with no current prospects for future production.

More importantly, continued retention of this gathering system in the hope of improved future industry conditions would expose the Company to ongoing expenses and could expose the Company to potential future liabilities with respect to ROW costs, shut in royalties, property taxes and continuous maintenance, all within an increasingly stringent regulatory regime.

During this ongoing sale process the Company has continued to meet its corporate obligations. During the June quarter for example, in compliance with updated US regulations, Entek undertook pressure tests to confirm structural integrity within the Slater Dome System. Entek also completed the abandonment of all flow lines in the Slater Dome Field complex.

The Company's remaining US assets are the Battle Mountain AMI and the Focus Ranch area which are both largely unconventional oil and gas plays within the Niobrara Shale and located in Wyoming and Colorado respectively. Entek continues to actively seek interested parties for the sale of these two assets.

### Operations

Through the excellent work of US based Director Kim Parsons, operating costs and contingent liabilities against the US assets were reduced during the June quarter by over \$500,000 from provisions previously recorded.

Further reductions are expected.

This cost reduction included the closure of the US Entek office and reduction of required consultant hours to an absolute minimum.

This, together with a significant reduction in Perth head office costs, including the replacing of staffing arrangements with reduced consultancy agreements and all Directors acting as non executives, has resulted in the projected corporate costs for Entek in FY 2018 being considered near a minimum for an ASX listed Company.

### Project Acquisition

Entek has been very active in sourcing and reviewing potential projects and this continued during the June quarter. The projects reviewed have been across a range of commodities including energy (conventional oil & gas), copper, gold, nickel, cobalt and industrial minerals and has largely been across Australia and the United States.

The focus has been on brownfields or better maturity as the Company considers these have the best chance from a risk/ reward perspective to maximise near term shareholder returns.

The Company is confident that this pro-active strategy will ultimately provide Entek with new opportunities that will benefit all shareholders.

### Board Changes

The preparation and audit of the financial accounts for FY 2016 are within a few weeks of completion. In addition, the rationalisation of the US based assets is at an advanced stage with much of the initiation work now completed.

As a consequence and consistent with a corporate renewal strategy, the Board is pleased to advise that effective from 10am on 26 July 2017 the following non-Executive Director appointments have been made to the board of Entek:

**Mark McAuliffe** – Mark is a lawyer with over 35 years across mainly litigation and commercial law. He is an experienced public and private company director and currently runs his own general legal practice – McAuliffe Legal.

**Peter Stern** – Peter is a petroleum geologist who has spent much of his latter career in corporate advisory. He has his own advisory firm – Metropolis Corporate and is an experienced company Director including a current role as Chairman of Troy Resources Limited.

**Clare Pope** – Clare is a partner with Squire Patton Boggs and is an experienced lawyer across mergers & acquisitions and commercial law. Much of this experience has been gained across the Oil & Gas sector.

**Tony Walsh** – Tony has over 30 years' experience in dealing with listed companies, corporate transactions, the ASX and ASIC. This experience includes 14 years with the ASX in Perth in senior management roles. Tony is also an experienced Company Secretary.

The pre-existing Board welcomes their appointment and the confidence they have in being part of Entek as the Company moves forward.

With the addition of these Directors it is the intention of the existing Board, Howard Dawson, Graham Riley and Kim Parsons to resign as Directors after a short period of transition.

**Corporate**

As shown in the attached Appendix 5B the cash balance as at 30 June 2017 was A\$4.929 million.

This cash balance excludes the final proceeds (\$US90,000) from the sale of the Slater Dome Gathering System. Whilst this sale was effected on 30 June 2017 the balance of funds were not deposited until 3 July 2017.

For further information please contact Howard Dawson, Chairman.

**Howard Dawson**  
Chairman