

Quarterly Activities Report

Highlights – Quarter Ending 30 September 2017 (Q1)

- ***Rationalisation of US based oil and gas assets continuing.***
- ***Active search for new projects.***
- ***Appointment of new Board members.***

Overview

As previously advised to Shareholders, 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 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.

Since the last report to Shareholders the Company has investigated over 50 potential projects and continues to actively investigate the identification and acquisition of projects that best meet the needs of the Company.

United States

The Company has continued the orderly disposal of the previous unconventional oil and gas assets in the United States. As previously reported, the Company disposed of the Slater Dome Gathering System. That transaction has now been completed and the Company has received the proceeds. The Company is in the advanced stage of negotiation in disposing of the remaining assets at Slater Dome and at Focus Ranch.

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 & OFFICERS

Mark McAuliffe
Non-Executive Chairman
Peter Stern
Non-Executive Director
Clare Pope
Non-Executive Director
Tony Walsh
Non-Executive Director

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Negotiations continue with the Battle Mountain joint venture partner GRMR over a number of issues arising from the former joint venture between the parties. Pending a resolution of those issues, it is anticipated that the Company will then be able to proceed to the disposal of its interest in Battle Mountain.

The Company has engaged in extensive discussions with regulatory authorities upon environmental issues relating to the closure and sale of its assets. The Company has successfully negotiated a resolution of many of these issues, with negotiations continuing. The former Board of the Company (see below) formed the view that in the light of the success of those negotiations, it was comfortable to reduce the provision for rehabilitation appearing on the Company's balance sheet as at 30 June 2017 by the sum of \$943,740. That contingent liability had previously been brought to account in recognition of environmental, plugging and abandonment obligations that the Company may have in the United States. The Company is satisfied that it has sufficiently reduced its exposure to those liabilities to reduce that liability in the balance sheet.

New Projects

Commencing in 2016, the Company embarked upon an extensive investigation of new projects that would be appropriate to form the basis of the Company's key assets going forward. As at the date of this report, the Company has actively investigated in excess of 50 projects. A number of those projects continue to be the subject of assessment and investigation by the Company. The Company is in a unique position having a significant amount of cash on deposit (A\$4.7m) as at reporting date. The Company is satisfied that no further subsidies or loans are required to be paid to the US subsidiary companies and that the money remaining on deposit is available for the Company to enter into a new project and to cover the Company's ongoing administrative costs.

A significant reduction has been achieved in the day to day administrative costs of the Company. Regretfully, a number of staff have had to be let go. Other expenses have been minimised. As will appear in the Company's quarterly cashflow report, quarterly administrative overheads have been substantially reduced. They were reduced even further following the transition to the new Board and the completion of all transition arrangements.

Whilst the Company is mindful that Shareholders are keen to see the Company enter into a new project at the earliest opportunity, the Company is also mindful that it should properly investigate and determine what is the best project for the Company in a timely and orderly manner. The

Company does not propose to rush into any acquisition that is not viewed as potentially being a flagship project for the Company and that will lead to the growth of the Company and the reinstatement of Shareholder value. The Board respectfully requests that Shareholders remain patient to ensure that the correct project is ultimately acquired.

Corporate

During the quarter there was a total change of the Board. Howard Dawson, Graham Riley and Kim Parsons resigned from the Board on the 1st day of September 2017. Mark McAuliffe, Peter Stern, Clare Pope and Tony Walsh were appointed as Non-Executive Directors of Entek on 26 July 2017. On the 1st day of September 2017 Mark McAuliffe was appointed Non-Executive Chairman.

The new Directors bring a wide range of corporate and legal expertise to the Board which will undoubtedly benefit Entek into the future. The members of the new Board were greatly assisted during their period of transition by the former members of the Board.

The new Board would like to take the opportunity to acknowledge the significant contribution made to the Company, during extremely difficult times, by Howard Dawson, Graham Riley and Kim Parsons. The former Directors had to endure a difficult period with the operation of the Company as a result of the reduction in commodity prices and were then faced with complaint from a number of Shareholders culminating in the issuance of a Section 249D Notice. It was determined that the Notice had not been validly completed and accordingly, it was unnecessary to proceed to a meeting of shareholders. The former Board has left the Company in good standing from which it can only grow.

For further information contact:

Mark McAuliffe
Non-Executive Chairman