

18 February 2019

ACQUISITION OF ALASKAN LEASES (PROJECT PEREGRINE) – UPDATE**Highlights**

- Entek Energy Limited (“Entek”) and Elixir Petroleum Limited (“Elixir”) continue to progress the acquisition by Entek of Elixir’s Alaskan leases held through Elixir’s wholly owned subsidiary, Emerald House LLC (ASX Announcement dated 29 November 2018).
- Following the offer of 10 further leases in December 2018 to Emerald House by the Bureau of Land Management (“BLM”), Entek has agreed to assist Elixir with a US\$500,000 loan to enable all 10 additional Alaskan leases to be acquired.
- The Directors of Entek and Elixir have unanimously confirmed their intention to support the proposed acquisition by committing to vote in favour of the relevant resolutions at the EGM’s.
- ASX has approved the terms of convertible preference shares (“CPS”) and granted a waiver in respect of Listing Rule 9.1.3 on the condition that related parties of Entek and Elixir are restricted for a period of 12 months.

ADDITIONAL LEASES AND LOAN FACILITY

On 11 February 2019, Elixir received formal lease documentation (“Lease Offers”) from the BLM following Elixir’s successful bid round for 10 additional leases adjoining its existing three leases on the Alaskan North Slope (ASX Announcement dated 13 December 2018). Under the Lease Offers, Elixir is required to pay the balance of the lease bid price by 26 February 2019.

Entek and Elixir have agreed that it was appropriate to accept all Lease Offers. To facilitate this, Entek has agreed to lend US \$500,000 to Elixir to be applied towards the cost of these acceptances (“the Loan Facility”).

The terms of the Loan Facility include:

- The parties have entered into a loan agreement and general security deed and have amended the terms sheet to accommodate the Loan Facility.
- The sum of US\$500,000 shall be applied towards the cash consideration component of the transaction in the event the transaction proceeds to completion.

DIRECTORS & OFFICERS

Mark McAuliffe
Executive Chairman
Peter Stickland
Non-Executive Director
Tony Walsh
Non-Executive Director
Nerida Schmidt
Company Secretary

CONTACT

Level 1, 35 Outram Street
West Perth, WA 6005
Australia

T +61 8 9381 4975
E info@entekenergy.com.au
www.entekenergy.com.au

ASX Code: ETE

- In the event the transaction does not proceed for any reason, including non-approvals by shareholders of either Elixir or Entek, the monies are repayable within a short timeframe.
- The monies are secured via a general security deed under which Elixir grants to Entek a general security over all of its assets. In the event of a default by Elixir under the Loan Facility, Entek may also elect to convert the debt into a working interest in the leases.

Entek's decision to grant the Loan Facility was to ensure the maximum number of leases could be acquired by Elixir and would form part of the assets of Emerald House LLC to be acquired in full by Entek under the terms of the transaction.

UNANIMOUS INTENTION DECLARED BY DIRECTORS OF ELIXIR AND ENTEK

All of the Directors of Elixir have provided to Entek a written statement of their intention to vote in favour of the Elixir Resolution at its forthcoming EGM. Similarly, all of the Entek Directors have provided to Elixir a written statement of their intention to vote in favour of the Entek Resolutions at its forthcoming EGM.

ASX DECISION

On 13 February 2019, ASX confirmed:

- The conditional Preference Shares ("CPS") to be issued by Entek as part of the transaction are appropriate and equitable for the purposes of Listing Rule 6.1;
- A waiver was granted in respect of Listing Rule 9.1.3 to permit Entek not to apply restrictions to the CPS issued to unrelated shareholders of Elixir, on conditions including that the CPS issued to related parties of Elixir, Entek and their associates, are restricted for a period of 12 months from the date of issue.

Receipt of this confirmation from ASX satisfied two further conditions precedent to the option agreement between Entek and Elixir. The transaction requires approval by shareholders of both companies and both Entek and Elixir are finalising their respective notices of meeting and anticipate posting these to the shareholders in the near future.

For further enquiries contact:

Mark McAuliffe
Executive Chairman