

29 November 2018**ENTEK ENTERS INTO OPTION TO ACQUIRE ALASKAN LEASES**

- Entek Energy Limited (ASX:ETE) (“Entek”) has entered into an option agreement with Elixir Petroleum Limited (ASX:EXR) (“Elixir”) to acquire its Alaskan portfolio (currently 35,423 acres of prospective leases).
- The leases are in the highly prospective Alaskan north slope, on trend with the conventional Willow Oil Field (ConocoPhillips) to the north and adjacent to the Umiat Oil Field.
- The exclusive option is exercisable on or before 31 January 2019 with the consideration being shares in Entek.

Overview

On 29 November 2018, Entek entered into a binding terms sheet with Elixir granting Entek an exclusive option to acquire, through the acquisition of a wholly owned subsidiary of Elixir, Elixir’s Alaskan portfolio (currently three leases consisting of 35,423 acres) along a highly prospective trend on the Alaskan north slope. The option is due for exercise on or before 31 January 2019.

If exercised, Entek will issue Elixir up to 200 million convertible preference shares in Entek. The final calculation of the share consideration is based upon actual verifiable expenditure incurred by Elixir in its acquisition, evaluation and exploration of the current leases and any additional leases secured prior to completion. For the purposes of the calculation, Entek’s convertible preference shares will be valued at \$0.015 per share.

Transaction Particulars

Entek has agreed to pay Elixir a non-refundable option fee of \$50,000 for the grant of the option. The option period is broken into two tranches. Entek may withdraw during an initial evaluation period of 30 days without penalty. If Entek withdraws after the 30-day evaluation period and fails to exercise the option prior to the option exercise date, a further \$50,000 break fee will be payable. Upon exercise of the option, the option fee is credited towards the transaction consideration.

The transaction is subject to a number of conditions, including:

- Entek’s shareholders approving the transaction at a general meeting in early 2019, pursuant to listing rule 11.1.2 and to issue the convertible preference shares.
- Compliance with all regulatory approvals in Australia and the United States.
- Elixir obtaining shareholder approval for the in-specie distribution referred to below.

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
Executive Chairman
Peter Stickland
Non-Executive Director
Tony Walsh
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The transaction is to be the subject of an in-specie distribution by Elixir of the Entek convertible preference shares to Elixir's shareholders. This is subject to confirmation by ASX that the shares will not be classified as restricted securities for the purposes of the ASX Listing Rules.

The convertible preference shares will be issued subject to shareholder approval and will automatically convert into fully paid ordinary Entek shares upon the completion of the in-specie distribution.

Corporate

In the event the transaction proceeds to completion, Mr Dougal Ferguson will cease his current position as Managing Director of Elixir and will be offered the position of Managing Director at Entek. There will be no other changes to the board composition at completion.

The Asset

Elixir currently holds three Alaskan leases with a 100% working interest. The leases were acquired by Elixir in mid-2018 and are situated in the National Petroleum Reserve of Alaska.

Elixir's acquisition costs include:

- Payment to the original vendors of US\$803,859;
- Payment of lease bonds of US\$300,000 to the United States Bureau of Land Management.

The share consideration payable by Entek will also include ongoing exploration and evaluation expenses incurred by Elixir on the leases prior to completion.

The leases are valid until 1 March 2024 and are subject to the low annual holding cost of US\$3/acre. There is no committed work programme associated with the leases.

The leases are subject to a 5% Over Riding Royalty Interest ("ORRI") to the original vendors. Further, the acquisition by Elixir created an Area of Mutual Interest over approximately 430,000 acres and if additional acreage is acquired by Elixir (or subsequently by Entek upon exercise of the option) within this Area of Mutual Interest, this will extend the ORRI over the acquired acreage but with a reducing rate of royalty in accordance with the formula in the original agreement between Elixir and the vendors. The base royalty to which it may reduce is 1.5%. At completion, Entek will also reimburse to Elixir in cash any annual rental payments for the leases and amounts paid in respect of any additional acreage. Entek will be able to comfortably make this reimbursement out of its existing cash reserves.

The leases are situated over what is believed to be an extension of a trend of existing discoveries (see Figure 1). In the northern sector of the trend, ConocoPhillips has reported recoverable resource potential in excess of 300 million barrels in the Willow Field. ConocoPhillips are currently appraising the field which has reported production potential of 40,000 to 100,000 barrels per day. (ConocoPhillips News Release 13 January 2017)

To the north east, the Pikka/Horseshoe are reported to have discovered resource of 500 million barrels of oil (Oil Search ASX announcement 17 April 2017). This area is also undergoing appraisal with Oil Search reporting that it aims for production commencing by 2023.

Immediately to the south of the leases lies the undeveloped Umiat Field.

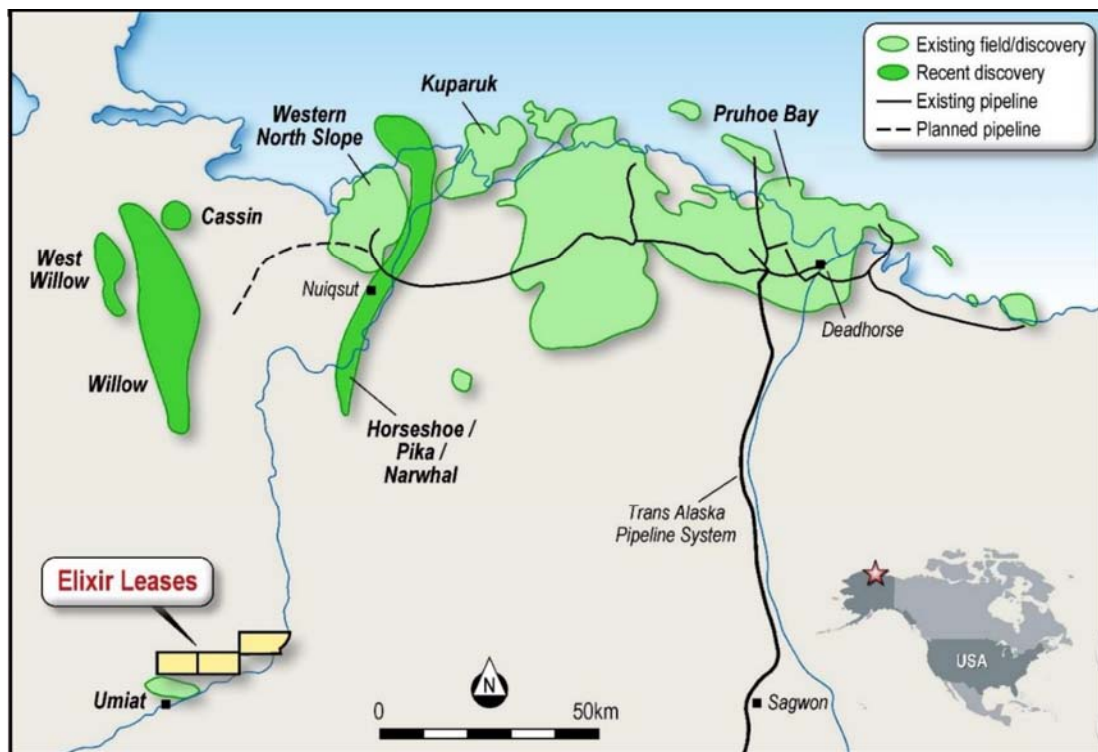


Figure 1: Location Map showing the position of the Elixir leases on the North Slope of Alaska and nearby oil fields

During 2019, exploration and evaluation activities are likely to include:

- Re-processing and AVO of existing 2D seismic;
- Detailed planning and permitting of a 3D seismic program;
- Prospective resource report;
- Consideration of acquisition of a 3D seismic survey in the 2019/2020 northern winter.

Entek Executive Chairman, Mr Mark McAuliffe, said:

“Over the past year Entek has been seeking a quality major project to revitalise the Company and restore shareholder value. The option over the Alaskan leases gives Entek an opportunity to acquire highly prospective leases in an area surrounded by significant discoveries.

The Alaskan leases are strategically located in one of the latest global hot spots for conventional oil exploration and field development; on trend with the potential giant Willow Oil Field. Such an opportunity meets the asset criteria set by the board of Entek and we look forward to a new future for the Company and its shareholders.”

For further information contact:

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Executive Chairman