

1 February 2019

**EXERCISE OF OPTION AGREEMENT OVER ACREAGE ON THE NORTH SLOPE OF ALASKA****Highlights**

- Entek exercises its' option to acquire Emerald House LLC ("Emerald"), a wholly owned subsidiary of Elixir Petroleum Limited (ASX:EXR)
- Emerald owns a 100% interest in 35,423 acres and is the high bidder on 114,310 acres on the North Slope of Alaska.
- Completion of the transaction is anticipated to occur in March 2019.

On 31 January 2019, Entek Energy Limited ("Entek") exercised its' option to acquire Emerald which has the right to acquire a 100% working interest in 149,733 acres situated on the North Slope of Alaska.

Pursuant to the transaction, Entek will acquire all of the issued shares in Emerald, to be held through a subsidiary of Entek's wholly owned US subsidiary, Entek USA Inc.

The transaction arises from an option agreement entered into between Entek and Elixir on 30 November 2018 (see ASX release dated 30 November 2018) ("Option Agreement"). Material terms of the Option Agreement include:

- Entek to acquire Elixir's total lease position through the acquisition of Emerald;
- Entek and Elixir to cooperate in the December 2018 bid round for leases in the National Petroleum Reserve - Alaska ("NPRA") area of the Alaskan North Slope, which has resulted in Emerald being announced as the high bidder on 114,310 additional acres; and
- Entek to pay for the acquisition by the allotment to Elixir of up to 200 million shares in Entek, based upon a formula reflecting the actual costs incurred by Elixir in its' acquisition of the original leases and bid round leases, with an uplift factor of 25%. At current date, it is anticipated that the actual costs will be converted to a share allotment of approximately 185m shares in Entek. For the purposes of the calculation, Entek shares are valued at 1.5c per share (currently a 50% premium to market).

**DIRECTORS & OFFICERS**

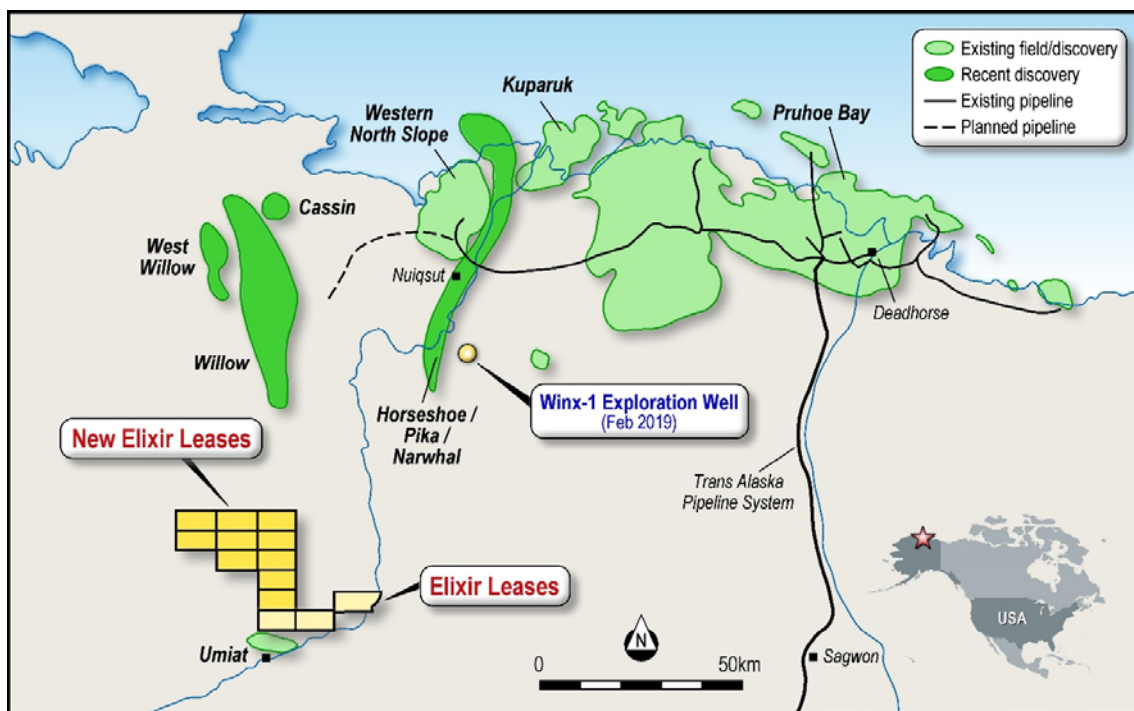
**Mark McAuliffe**  
*Executive Chairman*  
**Peter Stickland**  
*Non-Executive Director*  
**Tony Walsh**  
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*Company Secretary*

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**ASX Code:** ETE

Following the exercise of the option, certain regulatory and shareholder approvals are required to be met by both Entek and Elixir. Both companies anticipate holding extraordinary general meetings seeking approval of the transaction in March 2019. Completion should occur shortly thereafter. Upon Completion, Dougal Ferguson, currently Managing Director of Elixir, will assume the role of Managing Director at Entek.

The leases are situated in the highly prospective Nanushuk oil play. To the north of the Emerald leases, ConocoPhillips is appraising its' Willow Field. To date, ConocoPhillips report discoveries estimated at up to 750 MMBOE (ConocoPhillips investor presentation dated 30 October 2018) with further appraisal wells to be drilled in early 2019. To the immediate south of the Emerald leases, the Umiat Field holds an estimated 1,000 MMBbls OOIP (Linc Energy Presentation 28 February 2013). 2D seismic has been interpreted by Entek and Elixir as suggesting the Nanushuk and Torok formations, found in Willow Field, extend to the area the subject of the Emerald leases (see map below).



Following Completion of the transaction, Entek will immediately commence a detailed geochemical analysis of the leases to progress Entek's understanding of the maturity of source rocks underlying the leasehold areas. Existing 2D seismic suggests the existence of stratigraphic reservoirs similar to those observed in Willow Field. Willow Field is primarily a stratigraphic reservoir system, consisting of the shallower Nanushuk formation and the deeper Torok formation. Whilst the shallower Nanushuk formations have been identified as the location of existing discoveries, the deeper Torok formations are identified as having potential for further discoveries. Similar formations are observed and interpreted upon the existing seismic over the Emerald leases with current analyses suggesting that they are on trend from Willow Field.

Entek's Executive Chairman, Mark McAuliffe, stated:

*"The exercise of the option marks the culmination of an extensive evaluation of potential projects for Entek following a period of contraction and limited activity. Entek is excited to be taking a significant position in one of the most active and prospective oil plays now developing on the North Slope. The success of ConocoPhillips to the north of the leases, the existing Umiat Field to the south, and an increasing number of new discoveries in the Nanushuk formation potentially could lead to world class discoveries by Entek. The Peregrine Project marks the start of a new era for Entek and its' shareholders."*

**For further information contact:**

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**Chairman**