



ENTEK ENERGY LIMITED

ABN 43 108 403 425

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM TO SHAREHOLDERS

Date of Meeting
25 November 2010

Time of Meeting
11 am (Perth time)

Place of Meeting
Ground Floor, 15 Rheola St, West Perth, Western Australia

A Proxy Form is enclosed

Please read this Notice and Explanatory Memorandum carefully.

If you are unable to attend the Annual General Meeting please complete and return the enclosed Proxy Form in accordance with the specified directions.

ENTEK ENERGY LIMITED

ABN 43 108 403 425

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of Entek Energy Limited ABN 43 108 403 425 ("Company") will be held at Ground Floor, 15 Rheola St, West Perth, Western Australia on 25 November 2010 at 11 am (Perth time) for the purpose of transacting the following business referred to in this Notice of Annual General Meeting.

AGENDA

ITEMS OF BUSINESS

Financial Reports

To receive and consider the financial statements of the Company for the year ended 30 June 2010, together with the Directors Report and the Auditor's Report as set out in the Annual Report.

1. Resolution 1 - Non Binding Resolution to adopt Remuneration Report

To consider and, if thought fit, pass the following as an **ordinary resolution**.

"That the Remuneration Report as set out in the Annual Report for the year ended 30 June 2010 be adopted."

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company.

2. Resolution 2 - Re-election of David Craig as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, David Craig, who retires in accordance with clause 13.2 of the Constitution and, being eligible for re-election, be re-elected as a Director."

3. Resolution 3 - Re-election of Russell Brimage as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, Russell Brimage, who retires in accordance with clause 13.2 of the Constitution and, being eligible for re-election, be re-elected as a Director."

4. Resolution 4 - Employee Share Option Plan

To consider and, if thought fit to pass the following resolution as an **ordinary resolution**:

"That, pursuant to and in accordance with Listing Rule 7.2, Exception 9 and for all other purposes, the Company approves the issue of securities under the employee incentive option scheme for employees and directors known as "Entek Energy Limited Employee Share Option Plan", the rules of which are annexed as Annexure A to the Explanatory Memorandum, as an exception to Listing Rule 7.1."

The Company will disregard any votes cast on Resolution 4 by a director of the Company and any person associated with those persons. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
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OTHER BUSINESS

To deal with any other business which may be brought forward in accordance with the Constitution and the Corporations Act.

Certain abbreviations and other defined terms are used throughout this Notice and the Explanatory Memorandum. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations are set out in the Glossary to the Explanatory Memorandum.

By order of the Board

Andrew Gastevich
Company Secretary

Dated: 11 October 2010

How to vote

Shareholders can vote by either:

- attending the meeting and voting in person or by attorney or, in the case of corporate Shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the proxy form accompanying this Notice of Meeting and by submitting their proxy appointment and voting instructions in person, by post, or by facsimile.

Voting in person (or by attorney)

Shareholders, or their attorneys, who plan to attend the meeting are asked to arrive at the venue 15 minutes prior to the time designated for the meeting, if possible, so that their holding may be checked against the Company's share register and attendance recorded. Attorneys should bring with them an original or certified copy of the power of attorney under which they have been authorised to attend and vote at the meeting.

Voting by a Corporation

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment, including any authority under which it is signed.

Voting by proxy

- A Shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the meeting.
- The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half of the votes).
- A proxy need not be a Shareholder.
- The proxy can be either an individual or a body corporate.
- If a proxy is not directed how to vote on an item of business, the proxy may vote, or abstain from voting, as they think fit.
- Should any Resolution, other than those specified in this Notice, be proposed at the meeting, a proxy may vote on that resolution as they think fit.
- If a proxy is instructed to abstain from voting on an item of business, they are directed not to

vote on the Shareholder's behalf on the poll and the Shares that are the subject of the proxy appointment will not be counted in calculating the required majority.

- Shareholders who return their proxy forms with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the meeting as their proxy to vote on their behalf. If a proxy form is returned but the nominated proxy does not attend the meeting, the Chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chairman of the meeting, the secretary or any Director that do not contain a direction how to vote will be used where possible to support each of the Resolutions proposed in this Notice.
- To be effective, proxies must be lodged by 11.00am (Perth time) on 23 November 2010. Proxies lodged after this time will be invalid.
- Proxies may be lodged using any of the following methods:

- by returning a completed proxy form in person or by post using the pre-addressed envelope provided with this Notice to:

**Computershare Investor Services Pty Limited
GPO Box 242**

Melbourne VIC 3001

OR

**Computershare Investor Services Pty Limited
Level 2, 45 St Georges Terrace
Perth WA 6000**

OR

- by faxing a completed proxy form to 1800 783 447(in Australia) or +61 394 732 555(outside Australia)

The proxy form must be signed by the Shareholder or the Shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the power of attorney, or the power itself, must be received by the Company at the above address, or by facsimile, and by 11.00am (Perth time) on 23 November 2010. If facsimile transmission is used, the power of attorney must be certified.

Shareholders who are entitled to vote

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001, the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the Register of Shareholders as at 5pm (Perth Time) 23 November 2010.

ENTEK ENERGY LIMITED

ABN 43 108 403 425

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting of Entek Energy Limited (the "Company").

Certain abbreviations and other defined terms are used throughout this Explanatory Memorandum. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations are set out in the Glossary to this Explanatory Memorandum.

FINANCIAL REPORTS

The first item of the Notice of Annual General Meeting deals with the presentation of the consolidated annual financial report of the Company for the financial year ended 30 June 2010 together with the Directors' declaration and report in relation to that financial year and the auditor's report on those financial statements. Shareholders should consider these documents and raise any matters of interest with the Directors when this item is being considered.

No resolution is required to be moved in respect of this item.

Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on the accounts and on the business, operations and management of the Company.

The Chairman will also provide Shareholders a reasonable opportunity to ask the Auditor questions relevant to:

- the conduct of the audit;
- the preparation and content of the independent audit report;
- the accounting policies adopted by the Company in relation to the preparation of accounts; and
- the independence of the auditor in relation to the conduct of the audit.

RESOLUTION 1 - ADOPTION OF REMUNERATION REPORT

In accordance with section 250R(2) of the Corporations Act the Company is required to present to its Shareholders the Remuneration Report as disclosed in the Company's 2010 Annual Financial Report. The vote on the Resolution is advisory only and does not bind the Directors or the Company. The Remuneration Report is set out in the Company's Annual Report 2010 and is also available on the Company's website (<http://www.entekenergy.com.au>).

The Remuneration Report explains the Board's policies in relation to the nature and level of remuneration paid to Directors, sets out remuneration details for each Director and any service agreements and sets out the details of any share based compensation.

RESOLUTION 2 - RE-ELECTION OF DAVID CRAIG AS A DIRECTOR

Pursuant to Clause 13.2 of the Company's Constitution, David Craig, being a Director, retires by way of rotation and, being eligible, offers himself for re-election as a Director.

Mr Craig is an experienced businessman and lawyer, who has held executive and board positions in the fields of law, financial services and the resources industry. As a partner of a major Perth law firm he specialised in resources and commercial legal advice, which included work on resources joint ventures, the acquisition and disposal of interests in companies and

projects, and capital raisings by companies. This was followed by ten years in the financial services industry as a stockbroker and an executive director in a national stockbroking and investment banking company.

Mr Craig then spent five years working with Woodside Petroleum Ltd in an executive position in the field of public and government affairs. He brings to the Board expertise in the law, financial markets, stakeholder engagement, relationship management, strategic planning, and risk management. Mr Craig is non-executive chairman of Moly Mines Limited and a non-executive director of Southern Hemisphere Mining Ltd.

Directors' recommendation

The Directors, with Mr Craig abstaining, recommend that Shareholders vote in favour of the re-election of Mr Craig.

RESOLUTION 3 - RE-ELECTION OF RUSSELL BRIMAGE AS A DIRECTOR

Pursuant to Clause 13.2 of the Company's Constitution, Russell Brimage, being a Director, retires by way of rotation and, being eligible, offers himself for re-election as a Director.

Mr Brimage, who was appointed Chief Executive Officer and Managing Director in August 2005, relinquished the position of Chief Executive Officer and Managing Director on 5 October 2010 and now stands for re-election as an executive Director.

Mr Brimage has in excess of 30 years experience in the upstream oil and gas industry. He was a founding director of Oilserv Australia Limited, a company providing drilling, well testing and production services. Prior to joining Entek he was Chief Executive of Western Resources NL and General Manager of a Western Australian gas field operator. Mr Brimage is also a non executive director of Lion Energy Limited.

Directors' recommendation

The Directors, with Mr Brimage abstaining, recommend that Shareholders vote in favour of the re-election of Mr Brimage.

RESOLUTION 4 - EMPLOYEE SHARE OPTION PLAN

The Directors considered that it was desirable to establish an option plan under which employees may be offered the opportunity to subscribe for Options to acquire Shares in the Company in order to increase the range of potential incentives available to them and to strengthen links between the Company and its employees and accordingly adopted the Entek Energy Limited Employee Share Option Plan ("**Plan**") on 10 October 2006.

The Plan is designed to provide incentives to the employees of the Company and to recognise their contribution to the Company's success. Under the Company's current circumstances the Directors consider that the incentives to employees are a cost effective and efficient incentive for the Company as opposed to alternative forms of incentives such as cash bonuses or increased remuneration. To enable the Company to secure employees and Directors who can assist the Company in achieving its objectives, it is necessary to provide remuneration and incentives to such personnel. The Plan is designed to achieve this objective, by encouraging continued improvement in performance over time and by encouraging personnel to acquire and retain significant shareholdings in the Company.

Shareholder approval is required if any issue of employee Options pursuant to the Plan is to fall within the exception to the calculation of the 15% limit imposed by Listing Rule 7.1 on the number of securities which may be issued without Shareholder approval. Accordingly, Shareholder approval is sought for the purposes of Listing Rule 7.2 Exception 9(b) which provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme that has been approved by the holders of ordinary securities within three years of the date of issue.

Prior Shareholder approval will be required before any Director or related party of the Company can participate in the Plan.

Under the Plan, the Board may offer to Eligible Persons the opportunity to subscribe for such number of employee Options in the Company as the Board may decide and on the terms set out in the rules of the Plan, a copy of which is contained in Annexure A to this Explanatory Memorandum. Employee Options granted under the Plan will be offered to participants in the Plan on the basis of the Board's view of the contribution of the Eligible Person to the Company.

In accordance with the requirements of Listing Rule 7.2 Exception 9(b) the following information is provided:

- (a) a copy of the rules of the Plan is attached as Annexure A to this Explanatory Memorandum;
- (b) this is the second approval sought under Listing Rule 7.2 Exception 9 with respect to the Plan;
- (c) since the date of the last approval of the Plan no Options were issued under the Plan; and
- (d) a voting exclusion statement has been included for the purposes of Resolution 4.

GLOSSARY

"**Annual General Meeting**" or "**Meeting**" means the annual general meeting the subject of the Notice;

"**Annual Report**" means the annual report of the Company for the year ended 30 June 2010;

"**ASX**" means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited;

"**Board**" means the board of Directors of the Company;

"**Company**" means Entek Energy Limited ABN 43 108 403 425;

"**Constitution**" means the constitution of the Company.

"**Corporations Act**" means the *Corporations Act 2001* (Cth).

"**Director**" means a director of the Company;

"**Explanatory Memorandum**" means the explanatory memorandum accompanying this Notice;

"**Listing Rules**" means the Listing Rules of the ASX;

"**Notice**" means the notice of annual general meeting which accompanies this Explanatory Memorandum;

"**Option**" means an option to acquire a Share;

"**Resolution**" means a resolution proposed pursuant to the Notice;

"**Share**" means a fully paid ordinary share in the capital of the Company; and

"**Shareholder**" means a registered holder of Shares.

ANNEXURE A

RULES OF EMPLOYEE SHARE OPTION PLAN

ENTEK ENERGY LIMITED
ACN 108 403 425
RULES OF EMPLOYEE SHARE OPTION PLAN
(adopted by the Board on 10 October 2006)

1. NAME OF PLAN

1.1 This Plan shall be called the Entek Energy Limited Employee Share Option Plan.

2. ESTABLISHMENT AND TERMINATION OF THE PLAN

2.1 The Board may establish and administer the Plan in accordance with the terms and conditions set out in these Rules and otherwise as it determines from time to time in its absolute discretion.

2.2 The Board may terminate the Plan, or suspend its operation for any period it considers desirable, at any time that it considers appropriate.

2.3 The Board may not issue any further Options after the Plan has been terminated. However, these Rules will continue to apply to Options on issue at the date of such termination until the last of those Options lapses or is exercised.

3. PURPOSE OF PLAN

3.1 The purpose of this Plan is to:

- (i) recognise the ongoing ability of the employees of the Company and their expected efforts and contribution in the long term to the performance and success of the Company;
- (ii) provide an incentive to the employees of the Company to remain in their employment in the long term;
- (iii) attract persons of experience and ability to employment with the Company and foster and promote loyalty between the Company and its employees; and
- (iv) provide employees of the Company with the opportunity to acquire Options, and ultimately Shares, in the Company, in accordance with these Rules.

4. OPERATION OF THE PLAN

4.1 The Plan operates according to these Rules which bind the Company and each Participant.

4.2 The number of Shares to be received on exercise of the Options the subject of an offer under the Plan when aggregated with:

- (i) the number of Shares which would be issued were each outstanding offer or Option, being an offer made or Option acquired pursuant to the Plan or any

other employee share scheme extended only to employees or Directors of the Company, exercised; and

- (ii) the number of Shares issued during the previous 5 years pursuant to the Plan or any other employee share scheme extended only to employees or Directors of the Company,

but disregarding any offer made, or Option acquired or Share issued by way of or as a result of:

- (iii) an offer under the Plan to a person situated at the time of receipt of the Offer outside Australia; or
- (iv) an offer under the Plan that did not need disclosure to investors because of section 708 of the Corporations Act; or
- (v) an offer made under a disclosure document,

must not exceed 5% of the total number of issued Shares as at the time of the offer under the Plan.

5. ELIGIBILITY

5.1 Subject to these Rules, the Board may from time to time determine that any Eligible Person is entitled to participate in the Plan and the extent of that participation. Prior to making that determination, the Board must consider:

- (i) the seniority of the relevant Eligible Person and the position the Eligible Person occupies within the Company;
- (ii) the length of service of the Eligible Person with the Company;
- (iii) the record of employment of the Eligible Person with the Company;
- (iv) the potential contribution of the Eligible Person to the growth of the Company;
- (v) the extent (if any) of the existing participation of the Eligible Person (or any Permitted Nominee in relation to that Eligible Person) in the Plan; and
- (vi) any other matters which the Board considers relevant.

5.2 The Board may exercise its powers in relation to the participation of any Eligible Person on any number of occasions.

6. OFFER OF OPTIONS

6.1 Subject to these Rules and to the Listing Rules, the Company (acting through the Board) may offer Options to any Eligible Person at such times and on such terms as the Board considers appropriate. Each offer must state:

- (i) the name and address of the Eligible Person to whom the offer is made;
- (ii) that the Eligible Person to whom the offer is addressed may accept the whole or any lesser number of Options offered;

- (iii) the minimum number of Options and any multiple of such minimum or any other number which may be accepted;
- (iv) the period within which the offer may be accepted, and the period or periods during which the Options or any of them may be exercised and the Expiry Date;
- (v) the method of calculation of the Exercise Price; and
- (vi) any other matters which the Board may determine.

7. ACCEPTING OFFERS

7.1 Upon receipt of an offer of Options, an Eligible Person may, within the period specified in the offer:

- (i) accept the whole or any lesser number of Options offered by giving to the Company an Application Form; or
- (ii) nominate a nominee in whose favour the Eligible Person wishes to renounce the offer by notice in writing to the Board. The Board may, in its absolute discretion, resolve not to allow such renunciation of an offer in favour of a nominee without giving any reason for such decision.

7.2 Upon:

- (i) receipt of the Application Form referred to in clause 7.1(i); or
- (ii) the Board resolving to allow a renunciation of an offer in favour of a nominee ("**Permitted Nominee**") and the Permitted Nominee accepting the whole or any lesser number of Options offered by giving the Company an Application Form,

then the Eligible Person or the Permitted Nominee, as the case may be, will be taken to have agreed to be bound by these Rules and will be granted Options subject to these Rules.

7.3 If Options are issued to a Permitted Nominee or an Eligible Person, the Eligible Person must, without limiting any provision in these Rules, ensure that the Permitted Nominee complies with these Rules.

7.4 On the issue of Options following receipt by the Company of an Application Form, an Eligible Person or the Permitted Nominee, as the case may be, becomes a Participant.

8. NO CONSIDERATION

8.1 No consideration is payable by an Eligible Person for a grant of an Option, unless the Board decides otherwise.

9. CERTIFICATES

9.1 The Company must give a Participant one or more Certificates stating:

- (i) the number of Options issued to the Participant;

- (ii) the Exercise Price of those Options; and
- (iii) the Issue Date of those Options.

9.2 The Certificates for the Options will be dispatched within 10 Business Days after the Issue Date.

10. QUOTATION

10.1 The Company need not apply for Official Quotation of any Options.

10.2 If shares of the same class as those allotted pursuant to the exercise of Options granted under the Plan are listed on the ASX, the Company must apply for Official Quotation of those Shares allotted pursuant to the exercise of Options within the time required by the Listing Rules after the date of allotment.

11. OPTIONS TRANSFERABLE

11.1 Subject to clause 14.2, Options are transferable subject to compliance with the Corporations Act and Listing Rules, where applicable.

12. EXERCISE OF OPTIONS

12.1 Subject to these Rules and the terms of the Options, Options may be exercised at any time during the period commencing on the Issue Date and ending on the Expiry Date.

12.2 Notwithstanding clause 12.1, all Options may be exercised:

- (i) during a Bid Period; or
- (ii) at any time after a Change of Control Event has occurred; or
- (iii) on an application under section 411 of the Corporations Act, if a court orders a meeting to be held concerning a proposed compromise or arrangement with members including for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company.

12.3 Options may only be exercised by the Participant giving notice in writing to the Board delivered to the registered office of the Company. The notice must specify the number of Options being exercised and the Exercise Price for the Options specified in the notice and must be accompanied by:

- (i) the Certificate for those Options, for cancellation by the Company; and
- (ii) a cheque payable to the Company (or another form of payment acceptable to the Board) in the amount of the product of the number of Options then being exercised by the Participant and the Exercise Price.

The notice is only effective (and only becomes effective) when the Company has received value for the full amount referred to in clause 12.3(b).

12.4 Subject to clause 14.1, within 10 Business Days after the notice referred to in clause 12.3 becoming effective, the Board must:

- (i) allot and issue the number of Shares to be issued in respect of the Options being exercised;
- (ii) cancel the Certificate for the Options being exercised; and
- (iii) if applicable, issue a new Certificate for any remaining Options covered by the Certificate accompanying the notice.

12.5 The Board may, at its discretion, by notice to the Participant reduce, waive or vary (provided such variation is not adverse to the Participant) the Exercise Conditions attaching to Options (if any) in whole or in part at any time and in any particular case.

13. SHARES ALLOTTED ON EXERCISE OF OPTIONS

13.1 All Shares allotted upon exercise of the Options rank *pari passu* in all respects with Shares previously issued and, in particular, entitle the holders of Shares to participate fully in:

- (i) dividends declared by the Company after the date of allotment; and
- (ii) all issues of securities made or offered *pro rata* to holders of Shares.

14. LAPSE OF OPTIONS

14.1 Options not validly exercised on or before the Expiry Date will automatically lapse.

14.2 If at any time prior to the Expiry Date of any Options a Holder dies, the deceased Holder's Legal Personal Representative may:

- (i) elect to be registered as the new Holder of the deceased Holder's Options;
- (ii) whether or not he or she becomes so registered, exercise those Options in accordance with and subject to these Rules as if he or she were the Holder of them; and
- (iii) if the deceased Holder had already given the Company a notice of exercise of his or her Options, pay the Exercise Price in respect of those Options.

14.3 If at any time prior to the Expiry Date of any Options a Holder ceases employment with the Company the Options will lapse upon the expiry of 30 days after employment ceasing unless the Options are exercised. The Directors have discretion to waive this clause (absolutely or conditionally) on a case by case basis depending on the circumstances of the termination.

15. PARTICIPATION RIGHTS, BONUS ISSUES, RIGHTS ISSUES, REORGANISATIONS OF CAPITAL AND WINDING UP

15.1 New Issues

- (i) Participants are not entitled to participate in any new issue of securities to existing holders of Shares in the Company unless:
 - (i) they have become entitled to exercise their Options under the Plan; and

(ii) they do so before the record date for the determination of entitlements to the new issue of securities and participate as a result of being holders of Shares.

(ii) The Company must give Participants, in accordance with the Listing Rules, notice of any new issue of securities before the record date for determining entitlements to the new issue.

15.2 Bonus Issues

If there is a bonus share issue ("**Bonus Issue**") to the holders of Shares, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Holder would have received if the Option had been exercised before the record date for the Bonus Issue ("**Bonus Shares**"). The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank *pari passu* in all respects with the other shares of that class on issue at the date of issue of the Bonus Shares.

15.3 Pro Rata Issues

If there is a pro rata issue (other than a Bonus Issue) to the holders of Shares during the currency of, and prior to the exercise of any Options, the Exercise Price of an Option will be adjusted in the manner provided for in the Listing Rules.

15.4 Reorganisation of Capital

If, prior to the expiry of any Options, there is a reorganisation of the issued capital of the Company, then the rights of a Participant (including the number of Options to which each Participant is entitled and the Exercise Price) is changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

15.5 Winding Up

If, prior to the expiry of any Options, a resolution for a members' voluntary winding up of the Company is proposed (other than the purpose of a reconstruction or amalgamation) the Board may, in its absolute discretion, give written notice to Participants of the proposed resolution. Subject to the Exercise Conditions (if any), the Participants may, during the period referred to in the notice, exercise their Options.

15.6 Fractions of Shares

For the purpose of this clause 15, if Options are exercised simultaneously, then the Participant may aggregate the number of Shares or fractions of Shares for which the Participant is entitled to subscribe. Fractions in the aggregate number only will be disregarded in determining the total entitlement of a Participant.

15.7 Calculations and Adjustments

Any calculations or adjustments which are required to be made under this clause 15 will be made by the Board and, in the absence of manifest error, are final and conclusive and binding on the Company and the Participant.

15.8 Notice of Change

The Company must within a reasonable period give to each Participant notice of any change under clause 15 to the Exercise Price of any Options held by the Participant or to the number of Shares which the Participant is entitled to subscribe for on exercise of an Option.

16. EXERCISE PRICE OF OPTIONS

16.1 The method of calculation of the Exercise Price of each Option will be determined by the Board with regard to the Market Value of the Shares when it resolves to offer the Option.

17. AMENDMENTS TO THE RULES

17.1 Board May Alter Rules

The Board may subject to the Listing Rules alter, delete or add to these Rules at any time (save for the provisions of clause 4).

17.2 Consent of Participants

If any amendment to be made under clause 17.1 would adversely affect the rights of Participants in respect of any Options then held by them, the Board must obtain the consent of Participants who between them hold not less than 75% of the total number of those Options held by all those Participants before making the amendment.

17.3 Eligible Persons Outside Australia

The Board may make any additions, variations or modifications to the Rules, in relation to the implementation of the Plan and the specific application of the Rules to Eligible Persons residing outside Australia.

18. POWERS OF THE BOARD

18.1 The Plan shall be administered by the Board who shall have the power to:

- (i) determine appropriate procedures and make regulations for the administration of the Plan which are consistent with these Rules;
- (ii) resolve conclusively all questions of fact or interpretation arising in connection with the Plan;
- (iii) terminate or suspend the operation of the Plan at any time, provided that the termination or suspension does not adversely affect or prejudice the rights of Participants holding Options at that time;
- (iv) delegate those functions and powers it considers appropriate, for the efficient administration of the Plan, to any one or more persons whom the Board reasonably believes to be capable of performing those functions and exercising those powers, for such period and on such conditions as the Board may determine;
- (v) take and rely upon independent professional or expert advice in or in relation to the exercise of any of their powers or discretions under these Rules;

- (vi) administer the Plan in accordance with these Rules as and to the extent provided in these Rules; and
- (vii) make regulations for the operation of the Plan consistent with these Rules.

19. NOTICES

19.1 Notices may be given by the Company to any Holder either personally or by sending by post to his or her address as noted in the Company's records or to the address (if any) within the Commonwealth of Australia supplied by him to the Company for the giving of notices. Notices for any overseas Holders shall be forwarded and posted by air. Where a notice is sent by post the notice shall be deemed to be served on the day after posting. The signature of any notice may be given by any Director or secretary of the Company. A notice of exercise given under clause 12.3 shall not be deemed to be served on the Company until actually received.

20. NO COMPENSATION OR DAMAGES

- 20.1 The rights and obligations of any Holder under the terms of his or her employment with the Company are not affected by his or her participation in the Plan.
- 20.2 These Rules do not form part of, and will not be incorporated into, any contract of engagement or employment between a Holder and the Company.
- 20.3 No Holder has any rights to compensation or damages as a result of the termination of his or her employment, so far as those rights arise or may arise from the Holder ceasing to have rights under the Plan as a result of the termination.
- 20.4 Participants do not, as Participants, have any right to attend or vote at general meetings of holders of Shares.

21. GOVERNING LAW

- 21.1 The Plan and any Options issued under it are governed by the laws of Western Australia and the Commonwealth of Australia.
- 21.2 Each Participant irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia, the Commonwealth of Australia and courts entitled to hear appeals from those courts.

22. ADVICE

- 22.1 Eligible Persons should obtain their own independent advice at their own expense on the financial, taxation and other consequences to them of or relating to participation in the Plan.
- 22.2 In accordance with clause 14.3, the Options issued under this Plan will have a deferred taxing point and the Holder will be deemed to receive a taxable value in relation to the Options only upon exercising the Options. This value will be determined at the date of exercising any Options and reported by the Holder after the end of the relevant financial year in accordance with Australian Taxation Office requirements.

23. DEFINITIONS AND INTERPRETATION

23.1 In these Rules, unless the context otherwise requires, the following words and expressions shall have the following meanings:

"**Application Form**" means a duly completed and executed application for the issue of Options made by an Eligible Person or Permitted Nominee in respect of an Offer, in the form approved by the Board from time to time;

"**ASX**" means Australian Stock Exchange Limited;

"**Bid Period**", in relation to a takeover bid in respect of shares in the Company, means the period referred to in the definition of that expression in section 9 of the Corporations Act provided that where a takeover bid is publicly announced prior to the service of a bidder's statement on the Company in relation to that takeover bid, the Bid Period shall be deemed to have commenced at the time of that announcement;

"**Board**" means the Directors acting as the board of directors of the Company or a committee appointed by such board of directors;

"**Business Day**" means a day on which banks are open for business in Perth excluding a Saturday, Sunday or public holiday;

"**Certificate**" means the certificate issued in accordance with clause 9 by the Company to a Holder in respect of an Option;

"**Change of Control Event**" means a shareholder, or a group of associated shareholders, becoming entitled to sufficient shares in the Company to give it or them the ability, and that ability is successfully exercised, in general meeting, to replace all or a majority of the Board;

"**Company**" means Entek Energy Limited ACN 108 403 425;

"**Corporations Act**" means *Corporations Act 2001 (Cth)*;

"**Director**" means a director of the Company from time to time but does not include a person who is only a director by virtue of being an alternate director;

"**Eligible Person**" means at any time a person who then is a Director or an employee (whether full-time or part-time) of the Company or of an associated body corporate of the Company;

"**Exercise Condition**" means the performance, vesting or other conditions (if any) determined by the Board and specified in an Offer which are, subject to these Rules, required to be satisfied, reached or met before an Option can be exercised;

"**Exercise Price**" means, in respect of an Option, the subscription price per Share, determined in accordance with clause 16, payable by a Holder on exercise of the Option;

"**Expiry Date**" means, in relation to an Option, the date determined by the Board prior to the offer of the relevant Options, subject to any restriction in the Corporations Act from time to time but in any event, unless the Board determines otherwise, no longer than 5 years from the Issue Date;

"**Holder**" means, in relation to an Option, the person (whether an Eligible Person or a Permitted Nominee) entered in the Company's register of options as the holder of that Option;

"Issue Date" means, in relation to an Option, the date on which the Company grants that Option;

"Legal Personal Representative" means the executor of the will or an administrator of the estate of a deceased person, the trustee of the estate of a person under a legal disability or a person who holds an enduring power of attorney granted by another person;

"Listing Rules" means the Official Listing Rules of ASX as they apply to the Company from time to time;

"Market Value" means, if the Company is admitted to the official list of ASX:

- (i) the weighted average closing sale price of the Shares recorded on the stock market of ASX over the five trading days immediately preceding the day on which the Board resolves to offer an Option; or
- (ii) in circumstances where there has been no trading in the Shares during the five trading days immediately preceding the day on which the Board resolves to offer an Option, the last sale price recorded on the stock market of ASX;

"Offer" means an invitation to an Eligible Person made by the Company under clause 6.1 to apply for an issue of Options;

"Official Quotation" has the meaning ascribed to it in the Listing Rules;

"Option" means an option issued under the Plan to subscribe for a Share;

"Participant" means a person who holds Options issued under the Plan and includes, if a Participant dies or becomes subject to a legal disability, the Legal Personal Representative of the Participant;

"Permitted Nominee" has the meaning given to it by clause 7.2;

"Plan" means the Entek Energy Limited Employee Share Option Plan established in accordance with these Rules;

"Rules" means these rules, as amended from time to time;

"Series" means, in relation to Options, Options with a common Issue Date;

"Shares" means fully paid ordinary shares in the capital of the Company; and

"Tax" means any tax, levy, impost, GST, deduction, charge, rate, contribution, duty or withholding which is assessed (or deemed to be assessed), levied, imposed or made by any government or any governmental, semi-governmental or judicial entity or authority together with any interest, penalty, fine, charge, fee or other amount assessed (or deemed to be assessed), levied, imposed or made on or in respect of any or all of the foregoing.

23.2 In these Rules, unless a contrary intention appears:

- (i) where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning;
- (ii) the singular includes the plural and vice versa;
- (iii) a reference to a gender includes all genders; and
- (iv) an expression defined in, or given a meaning for the purposes of, the Corporations Act has the same meaning where used in these Rules.

Entek Energy Limited

ACN 108 403 425

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 272 621
(outside Australia) +61 3 9938 4438

000001 000 ETE
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form

For your vote to be effective it must be received by 11:00am (Perth time) Tuesday 23 November 2010

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →



View the Annual Report:

www.entekenergy.com.au

Update your securityholding, 24 hours a day, 7 days a week:

www.investorcentre.com

Your secure access information is:

SRN/HIN: I999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Entek Energy Limited hereby appoint

the Chairman of the Meeting OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Entek Energy Limited to be held at Ground Floor, 15 Rheola Street, West Perth, Western Australia on Thursday, 25 November 2010 at 11:00am and at any adjournment of that meeting.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Non Binding Resolution to Adopt Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of David Craig as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Russell Brimage as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date ____/____/____