

# Entek Energy Ltd

ABN 43 108 403 425

## NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM TO SHAREHOLDERS

**Date of Meeting**

23 November 2009

**Time of Meeting**

10.30am (WST)

**Place of Meeting**

Ground Floor, 15 Rheola St, West Perth

**A Proxy Form is enclosed**

Please read this Notice and Explanatory Memorandum carefully.

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

**ENTEK  
ENERGY LTD  
ABN 43 108 403 425**

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Annual General Meeting of Shareholders of Entek Energy Ltd ABN 43 108 403 425 ("Company") will be held at 10.30 am (WST) on 23 November 2009 at Ground Floor, 15 Rheola Street, West Perth for the purpose of transacting the following business referred to in this Notice of Annual General Meeting

**AGENDA**

*ITEMS OF BUSINESS*

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**Financial Reports**

To receive and consider the financial statements of the Company for the year ended 30 June 2009, 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 2009 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 Craig Ian McGown as a Director**

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

*"That, Craig Ian McGown, who retires in accordance with clause 13.2 of the Company's Constitution and, being eligible for re-election, be re-elected as a director of the Company."*

**3. Resolution 3 - Ratification of issue of Options to Andrew Gastevich**

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

*"That, for the purpose of Listing Rule 7.4 and for all other purposes, the Company ratify the allotment and issue of 1,000,000 Options having various exercise prices and expiring on 31 October 2013 (at nil issue price) on 5 August 2009 to Andrew Gastevich and on the terms and conditions set out in the Explanatory Memorandum (including Annexure A to the Explanatory Memorandum)."*

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| <p>The Company will disregard any votes cast on Resolution 3 by any person who participated in the issue the subject of Resolution 3 and any person associated with those persons. However, the Company need not disregard a vote if the vote:</p> <p>(a) 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</p> <p>(b) 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.</p> |
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#### 4. Resolution 4 – Ratification of issue of Options to Trent Spry

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

*“That, for the purpose of Listing Rule 7.4 and for all other purposes, the Company ratify the allotment and issue of 4,000,000 Options having various exercise prices and expiring on 31 October 2013 (at nil issue price) on 5 August 2009 to Trent Spry and on the terms and conditions set out in the Explanatory Memorandum (including Annexure A to the Explanatory Memorandum).”*

The Company will disregard any votes cast on Resolution 4 by any person who participated in the issue the subject of Resolution 4 and any person associated with those persons. However, the Company need not disregard a vote if the vote:

- (a) 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
- (b) 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.

#### **OTHER BUSINESS**

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

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*For the purposes of Resolutions 1 - 4, the following definitions apply:*

*"Annual Report" means the annual report of the Company for the year ended 30 June 2009;*

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

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

*"Constitution" means the Company's constitution, as amended from time to time;*

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

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

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

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

*"Notice" means this Notice of Annual General Meeting;*

*"Option" means an option to acquire a fully paid ordinary share in the capital of the Company;*

*"Resolution" means a resolution contained in this Notice;*

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

*"WST" means Australian Western Standard Time.*

#### **By order of the Board**

**Andrew Gastevich**  
Company Secretary  
Dated 19 October 2009

## **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)**

Shareholder, 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 holdings may be checked against the Company's share register and their attendances 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 unless previously given to the Company's Share Registry.

## **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 a 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 10.30 am (WST) on 21 November 2009. 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 to**:  
 Computershare Investor Services Pty Limited  
 Level 2, Reserve Bank Building  
 45 St Georges Terrace  
 PERTH WA 6000  
 or  
 Entek Energy Ltd  
 Ground Floor, 15 Rheola Street,  
 WEST PERTH WA 6005  
 or
  - by returning a completed proxy form **by post to**:  
 Computershare Investor Services Pty Limited  
 GPO Box 242  
 MELBOURNE VIC 3001  
 or  
 Entek Energy Ltd  
 Ground Floor, 15 Rheola Street  
 WEST PERTH WA 6005  
 or
  - **by faxing** a completed proxy form to:  
 Computershare Investor Services Pty Limited  
 +61 3 9473 2555  
 or  
 Entek Energy Ltd  
 +61 8 9213 4399.
- 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 10.30am (WST) on 21 November 2009. 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 10.30 am (WST) on 21 November 2009

# ENTEK ENERGY LTD

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 Ltd ("**Entek**" or the "**Company**").

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### 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 2009 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 2009 Annual Report. The vote on the Resolution is advisory only and does not bind the Directors of the Company. The Remuneration Report is set out in the Company's Annual Report and is also available on the Company's website ([www.enetekenergy.com.au](http://www.enetekenergy.com.au)).

The Remuneration Report explains the Board policies in relation to the nature and level of remuneration paid to Directors of the Company, 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 CRAIG IAN MCGOWN**

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

Mr McGown is an Investment Banker with more than 35 years experience in capital raisings and mergers and acquisitions throughout Australia and internationally, particularly in the natural resources sector. He brings to the Board a comprehensive knowledge of the equity markets and financing of projects in relation to resource companies. He is currently an executive director of New Holland Capital Pty Limited, the corporate advisory and investment banking business associated with the Taurus Group/Taurus Funds Management. He is also a non-executive chairman of Pioneer Resources Limited and a non-executive director of Bass Metals Ltd and Peel Exploration Limited. Mr McGown was formerly the Executive Chairman of DJ Carmichael Pty Limited and an executive director of Resource Finance Corporation Limited.

## **RESOLUTION 3 - RATIFICATION OF ALLOTMENT AND ISSUE OF OPTIONS TO ANDREW GASTEVIICH**

As announced on 5 August 2009, the Company allotted and issued 1,000,000 Options to Mr Andrew Gastevich, being the Chief Financial Officer and Company Secretary, comprising:

- 250,000 Options, each exercisable immediately at 25 cents and expiring on 31 October 2013 ("**Tranche A Options**");
- 250,000 Options, each exercisable on 31 October 2009 and expiring on 31 October 2013 ("**Tranche B Options**");
- 250,000 Options, each exercisable on 31 October 2010 and expiring on 31 October 2013 ("**Tranche C Options**"); and
- 250,000 Options, each exercisable on 31 October 2011 and expiring on 31 October 2013 ("**Tranche D Options**"),

and otherwise issued on the terms as set out in Annexure A.

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval, provided the issue did not breach the 15% threshold under Listing Rule 7.1. The effect of such ratification is to restore a company's maximum discretionary power to issue further shares up to 15% of the issued capital of the company without requiring Shareholder approval.

Pursuant to Resolution 3, the Directors are seeking ratification under Listing Rule 7.4 of the issue of 1,000,000 Options that was made on 5 August 2009 in order to restore the right of the Company to issue further shares within the 15% limit during the next 12 months.

The following information in relation to the Shares is provided to Shareholders for the purposes of Listing Rule 7.5:

- (a) 1,000,000 Options were allotted and issued;
- (b) the Options were issued for no consideration, as part of Mr Gastevich's remuneration package;
- (c) the terms of the Options are set out in Annexure A;
- (d) the Options were issued to Mr Andrew Gastevich (who is an related party of the Company); and
- (e) no funds were raised from the issue of the Options.

#### **RESOLUTION 4 – RATIFICATION OF ALLOTMENT AND ISSUE OF OPTIONS TO TRENT SPRY**

As announced on 5 August 2009, the Company allotted and issued 4,000,000 Options to Mr Trent Spry, being the General Manager of Exploration, comprising:

- 1,000,000 Tranche A Options;
- 1,000,000 Tranche B Options;
- 1,000,000 Tranche C Options; and
- 1,000,000 Tranche D Options,

on the terms as set out in Annexure A.

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval, provided the issue did not breach the 15% threshold under Listing Rule 7.1. The effect of such ratification is to restore a company's maximum discretionary power to issue further shares up to 15% of the issued capital of the company without requiring Shareholder approval.

Pursuant to Resolution 4, the Directors are seeking ratification under Listing Rule 7.4 of the issue of 4,000,000 Shares that was made on 5 August 2009 in order to restore the right of the Company to issue further shares within the 15% limit during the next 12 months.

The following information in relation to the Shares is provided to Shareholders for the purposes of Listing Rule 7.5:

- (a) 4,000,000 Options were allotted and issued;
- (b) the Options were issued for no consideration, as part of Mr Spry's remuneration package;
- (c) the terms of the Options are set out in Annexure A;
- (d) the Options were issued to Mr Trent Spry (who is an related party of the Company); and
- (e) no funds were raised from the issue of the Options.

## **GLOSSARY**

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|-------------------------|--|
| <b>ASX</b>              | means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited. |
| <b>Board</b>            | means the board of Directors of the Company.   |
| <b>Company</b>          | means Entek Energy Ltd ABN 43 108 403 425.   |
| <b>Constitution</b>     | means the constitution of the Company.   |
| <b>Corporations Act</b> | means the Corporations Act 2001 (Cth).   |
| <b>Director</b>         | means a director of the Company.   |
| <b>Listing Rules</b>    | means the Listing Rules of the ASX.  |
| <b>Meeting</b>          | means the annual general meeting the subject of the Notice.  |
| <b>Notice</b>           | means the notice of annual general meeting which accompanies this Explanatory Memorandum.  |
| <b>Option</b>           | means an option to acquire a Share.  |
| <b>Resolution</b>       | means a resolution proposed pursuant to the Notice.  |
| <b>Share</b>            | means a fully paid ordinary share in the capital of the Company.   |

## ANNEXURE A

### TERMS AND CONDITIONS OF TRANCHE A OPTIONS

1. The Options shall expire on 31 October 2013 ("**Expiry Date**").
2. Options may be exercised at any time on or after 9.00 am Western Standard or Daylight Time on the date of grant and on or before 5.00 pm Western Standard or Daylight Time on 31 October 2013.
3. The Options may be exercised in whole or in part.
4. The exercise price of each Option is \$0.25 ("**Exercise Price**").
5. The Options may be transferred to a related party of the Option holder in whole or in part at any time following the expiry of 12 months after the date of issue. The Company will instruct its share registry to place a holding lock on the Options for a period of 12 months from the date of grant.
6. Shares issued upon exercise of any Options are not transferable for a period of 12 months after their issue. The Company will instruct its share registry to place a holding lock on such Shares for a period of 12 months from the date of issue.
7. A notice under the Clearing House Electronic Subregister System ("**CHESS**") instead of a certificate will be issued for the Options. On the reverse side of the notice there will be endorsed a statement of rights of the Option holder and a notice of exercise of Option that is to be completed when exercising the Options. If there is more than one Option comprised in the notice and prior to the Expiry Date those Options are exercised in part the Company will issue another notice for the balance of the Options held and not yet exercised.
8. The Option holder will be permitted to participate in any new pro-rata issue of securities of the Company on the prior exercise of the Options in which case, the Option holder will be afforded the period of at least 5 Business Days prior to and inclusive of the books closing date (to determine entitlements to the issue) to exercise the Options.
9. In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company, all rights of the Option holder shall be reconstructed (as appropriate) in accordance with the Listing Rules.
10. The Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Options.
11. There is no right to change the exercise price of an option nor the number of underlying Shares over which the option can be exercised, if the Company completes a pro rata issue.
12. There is no right to change the exercise price of an option nor the number of underlying Shares over which the option can be exercised, if the Company completes a bonus issue.
13. If the Option holder's appointment with the Company ceases or is terminated by the Company for any reason, other than for Redundancy, the Options may be exercised by the holder (or the holder's legal personal representative(s)) within 30 days of the cessation or termination of the holder's employment with the Company provided that:
  - (a) the Options have not lapsed under condition 1; and
  - (b) the Options are entitled to be exercised pursuant to condition 2.If an Option is not exercised within the 30 day period provided in this condition, it will lapse.
14. In the circumstances referred to in condition 13, the Board may in its absolute discretion, but subject always to the Listing Rules, give written approval to the Option holder to exercise the Option during such further period (ending not later than the Expiry Date) as the Board decides.

15. Notwithstanding any other terms and conditions, all Options may be exercised:
- (a) during a Bid Period;
  - (b) at any time after a Change of Control Event has occurred; or
  - (c) 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 for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company.
16. The Option holder may only participate in new issues of securities to holders of Shares if an Option has been exercised and Shares allotted in respect of the Option before the record date for determining entitlements to the issue. The Company must give notice as required under the Listing Rules to the Option holder of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules.

17. In these terms and conditions:

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

"**Business Day**" means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day;

"**Change of Control Event**" in relation to the Company occurs if any person or group of persons acting in concert:

- (a) gains control of more than 50% of the voting rights of the Company; or
- (b) gains the ability to appoint or remove the majority of the Board,

in each case, excluding a person or group of persons having such control or ability as at the date of grant of the Options and for these purposes, control includes the power to direct the management and policies of any entity, whether through ownership of voting rights, by contract or arrangement or otherwise;

"**CHESS**" means the Clearing House Electronic Sub-Register System;

"**Company**" means Entek Energy Limited;

"**Listing Rules**" means the official Listing Rules of ASX as they apply to the Company;

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

"**Option holder**" means [Andrew Gastevich / Trent Spry] [*insert whoever relevant*] or his nominee;

"**Redundancy**" means a determination by the Board that the Company's need to employ the Option holder for the particular kind of work carried out by him has ceased (but, for the avoidance of any doubt, does not include the dismissal of the Option holder for personal or disciplinary reasons or where the Option holder leaves the employ of the Company of his own accord); and

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

## TERMS AND CONDITIONS OF TRANCHE B OPTIONS

1. The Options shall expire on 31 October 2013 ("**Expiry Date**").
2. Options may be exercised at any time on or after 9.00 am Western Standard or Daylight Time on 31 October 2009 and on or before 5.00 pm Western Standard or Daylight Time on 31 October 2013.
3. The Options may be exercised in whole or in part.
4. The exercise price of each Option is \$0.35 ("**Exercise Price**").
5. The Options may be transferred to a related party of the Option holder in whole or in part at any time following the expiry of 12 months after the date of issue. The Company will instruct its share registry to place a holding lock on the Options for a period of 12 months from the date of grant.
6. Shares issued upon exercise of any Options are not transferable for a period of 12 months after their issue. The Company will instruct its share registry to place a holding lock on such Shares for a period of 12 months from the date of issue.
7. A notice under the Clearing House Electronic Subregister System ("**CHESS**") instead of a certificate will be issued for the Options. On the reverse side of the notice there will be endorsed a statement of rights of the Option holder and a notice of exercise of Option that is to be completed when exercising the Options. If there is more than one Option comprised in the notice and prior to the Expiry Date those Options are exercised in part the Company will issue another notice for the balance of the Options held and not yet exercised.
8. The Option holder will be permitted to participate in any new pro-rata issue of securities of the Company on the prior exercise of the Options in which case, the Option holder will be afforded the period of at least 5 Business Days prior to and inclusive of the books closing date (to determine entitlements to the issue) to exercise the Options.
9. In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company, all rights of the Option holder shall be reconstructed (as appropriate) in accordance with the Listing Rules.
10. The Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Options.
11. There is no right to change the exercise price of an option nor the number of underlying Shares over which the option can be exercised, if the Company completes a pro rata issue.
12. There is no right to change the exercise price of an option nor the number of underlying Shares over which the option can be exercised, if the Company completes a bonus issue.
13. If the Option holder's appointment with the Company ceases or is terminated by the Company for any reason, other than for Redundancy, the Options may be exercised by the holder (or the holder's legal personal representative(s)) within 30 days of the cessation or termination of the holder's employment with the Company provided that:
  - (a) the Options have not lapsed under condition 1; and
  - (b) the Options are entitled to be exercised pursuant to condition 2.If an Option is not exercised within the 30 day period provided in this condition, it will lapse.
14. In the circumstances referred to in condition 13, the Board may in its absolute discretion, but subject always to the Listing Rules, give written approval to the Option holder to exercise the Option during such further period (ending not later than the Expiry Date) as the Board decides.

15. Notwithstanding any other terms and conditions, all Options may be exercised:
- (a) during a Bid Period;
  - (b) at any time after a Change of Control Event has occurred; or
  - (c) 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 for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company.
16. The Option holder may only participate in new issues of securities to holders of Shares if an Option has been exercised and Shares allotted in respect of the Option before the record date for determining entitlements to the issue. The Company must give notice as required under the Listing Rules to the Option holder of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules.

17. In these terms and conditions:

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

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- (a) gains control of more than 50% of the voting rights of the Company; or
- (b) gains the ability to appoint or remove the majority of the Board,

in each case, excluding a person or group of persons having such control or ability as at the date of grant of the Options and for these purposes, control includes the power to direct the management and policies of any entity, whether through ownership of voting rights, by contract or arrangement or otherwise;

"**CHESS**" means the Clearing House Electronic Sub-Register System;

"**Company**" means Entek Energy Limited;

"**Listing Rules**" means the official Listing Rules of ASX as they apply to the Company;

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

"**Option holder**" means [Andrew Gastevich / Trent Spry] [*insert whoever relevant*] or his nominee;

"**Redundancy**" means a determination by the Board that the Company's need to employ the Option holder for the particular kind of work carried out by him has ceased (but, for the avoidance of any doubt, does not include the dismissal of the Option holder for personal or disciplinary reasons or where the Option holder leaves the employ of the Company of his own accord); and

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

## TERMS AND CONDITIONS OF TRANCHE C OPTIONS

1. The Options shall expire on 31 October 2013 ("**Expiry Date**").
2. Options may be exercised at any time on or after 9.00 am Western Standard or Daylight Time on 31 October 2010 and on or before 5.00 pm Western Standard or Daylight Time on 31 October 2013.
3. The Options may be exercised in whole or in part.
4. The exercise price of each Option is \$0.50 ("**Exercise Price**").
5. The Options may be transferred to a related party of the Option holder in whole or in part at any time following the expiry of 12 months after the date of issue. The Company will instruct its share registry to place a holding lock on the Options for a period of 12 months from the date of grant.
6. Shares issued upon exercise of any Options are not transferable for a period of 12 months after their issue. The Company will instruct its share registry to place a holding lock on such Shares for a period of 12 months from the date of issue.
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8. The Option holder will be permitted to participate in any new pro-rata issue of securities of the Company on the prior exercise of the Options in which case, the Option holder will be afforded the period of at least 5 Business Days prior to and inclusive of the books closing date (to determine entitlements to the issue) to exercise the Options.
9. In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company, all rights of the Option holder shall be reconstructed (as appropriate) in accordance with the Listing Rules.
10. The Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Options.
11. There is no right to change the exercise price of an option nor the number of underlying Shares over which the option can be exercised, if the Company completes a pro rata issue.
12. There is no right to change the exercise price of an option nor the number of underlying Shares over which the option can be exercised, if the Company completes a bonus issue.
13. If the Option holder's appointment with the Company ceases or is terminated by the Company for any reason, other than for Redundancy, the Options may be exercised by the holder (or the holder's legal personal representative(s)) within 30 days of the cessation or termination of the holder's employment with the Company provided that:
  - (a) the Options have not lapsed under condition 1; and
  - (b) the Options are entitled to be exercised pursuant to condition 2.If an Option is not exercised within the 30 day period provided in this condition, it will lapse.
14. In the circumstances referred to in condition 13, the Board may in its absolute discretion, but subject always to the Listing Rules, give written approval to the Option holder to exercise the Option during such further period (ending not later than the Expiry Date) as the Board decides.

15. Notwithstanding any other terms and conditions, all Options may be exercised:
- (a) during a Bid Period;
  - (b) at any time after a Change of Control Event has occurred; or
  - (c) 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 for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company.
16. The Option holder may only participate in new issues of securities to holders of Shares if an Option has been exercised and Shares allotted in respect of the Option before the record date for determining entitlements to the issue. The Company must give notice as required under the Listing Rules to the Option holder of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules.

17. In these terms and conditions:

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

"**Business Day**" means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day;

"**Change of Control Event**" in relation to the Company occurs if any person or group of persons acting in concert:

- (a) gains control of more than 50% of the voting rights of the Company; or
- (b) gains the ability to appoint or remove the majority of the Board,

in each case, excluding a person or group of persons having such control or ability as at the date of grant of the Options and for these purposes, control includes the power to direct the management and policies of any entity, whether through ownership of voting rights, by contract or arrangement or otherwise;

"**CHESS**" means the Clearing House Electronic Sub-Register System;

"**Company**" means Entek Energy Limited;

"**Listing Rules**" means the official Listing Rules of ASX as they apply to the Company;

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

"**Option holder**" means [Andrew Gastevich / Trent Spry] [*insert whoever relevant*] or his nominee;

"**Redundancy**" means a determination by the Board that the Company's need to employ the Option holder for the particular kind of work carried out by him has ceased (but, for the avoidance of any doubt, does not include the dismissal of the Option holder for personal or disciplinary reasons or where the Option holder leaves the employ of the Company of his own accord); and

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

## TERMS AND CONDITIONS OF TRANCHE D OPTIONS

1. The Options shall expire on 31 October 2013 ("**Expiry Date**").
2. Options may be exercised at any time on or after 9.00 am Western Standard or Daylight Time on 31 October 2011 and on or before 5.00 pm Western Standard or Daylight Time on 31 October 2013.
3. The Options may be exercised in whole or in part.
4. The exercise price of each Option is \$0.50 ("**Exercise Price**").
5. The Options may be transferred to a related party of the Option holder in whole or in part at any time following the expiry of 12 months after the date of issue. The Company will instruct its share registry to place a holding lock on the Options for a period of 12 months from the date of grant.
6. Shares issued upon exercise of any Options are not transferable for a period of 12 months after their issue. The Company will instruct its share registry to place a holding lock on such Shares for a period of 12 months from the date of issue.
7. A notice under the Clearing House Electronic Subregister System ("**CHESS**") instead of a certificate will be issued for the Options. On the reverse side of the notice there will be endorsed a statement of rights of the Option holder and a notice of exercise of Option that is to be completed when exercising the Options. If there is more than one Option comprised in the notice and prior to the Expiry Date those Options are exercised in part the Company will issue another notice for the balance of the Options held and not yet exercised.
8. The Option holder will be permitted to participate in any new pro-rata issue of securities of the Company on the prior exercise of the Options in which case, the Option holder will be afforded the period of at least 5 Business Days prior to and inclusive of the books closing date (to determine entitlements to the issue) to exercise the Options.
9. In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company, all rights of the Option holder shall be reconstructed (as appropriate) in accordance with the Listing Rules.
10. The Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Options.
11. There is no right to change the exercise price of an option nor the number of underlying Shares over which the option can be exercised, if the Company completes a pro rata issue.
12. There is no right to change the exercise price of an option nor the number of underlying Shares over which the option can be exercised, if the Company completes a bonus issue.
13. If the Option holder's appointment with the Company ceases or is terminated by the Company for any reason, other than for Redundancy, the Options may be exercised by the holder (or the holder's legal personal representative(s)) within 30 days of the cessation or termination of the holder's employment with the Company provided that:
  - (a) the Options have not lapsed under condition 1; and
  - (b) the Options are entitled to be exercised pursuant to condition 2.If an Option is not exercised within the 30 day period provided in this condition, it will lapse.
14. In the circumstances referred to in condition 13, the Board may in its absolute discretion, but subject always to the Listing Rules, give written approval to the Option holder to exercise the Option during such further period (ending not later than the Expiry Date) as the Board decides.

15. Notwithstanding any other terms and conditions, all Options may be exercised:
- (a) during a Bid Period;
  - (b) at any time after a Change of Control Event has occurred; or
  - (c) 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 for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company.
16. The Option holder may only participate in new issues of securities to holders of Shares if an Option has been exercised and Shares allotted in respect of the Option before the record date for determining entitlements to the issue. The Company must give notice as required under the Listing Rules to the Option holder of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules.
17. In these terms and conditions:
- "**ASX**" means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX 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 board of the Company;
- "**Business Day**" means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day;
- "**Change of Control Event**" in relation to the Company occurs if any person or group of persons acting in concert:
- (a) gains control of more than 50% of the voting rights of the Company; or
  - (b) gains the ability to appoint or remove the majority of the Board,
- in each case, excluding a person or group of persons having such control or ability as at the date of grant of the Options and for these purposes, control includes the power to direct the management and policies of any entity, whether through ownership of voting rights, by contract or arrangement or otherwise;
- "**CHESS**" means the Clearing House Electronic Sub-Register System;
- "**Company**" means Entek Energy Limited;
- "**Listing Rules**" means the official Listing Rules of ASX as they apply to the Company;
- "**Option**" means an option to acquire one Share;
- "**Option holder**" means [Andrew Gastevich / Trent Spry] [*insert whoever relevant*] or his nominee;
- "**Redundancy**" means a determination by the Board that the Company's need to employ the Option holder for the particular kind of work carried out by him has ceased (but, for the avoidance of any doubt, does not include the dismissal of the Option holder for personal or disciplinary reasons or where the Option holder leaves the employ of the Company of his own accord); and
- "**Share**" means a fully paid ordinary share in the capital of the Company.