ENTEK ENERGY LIMITED

ABN 43 108 403 425

Consolidated Financial Report for the Half-Year to 31 December 2013

This document should be read in conjunction with the Annual Financial Report of Entek Energy Limited for the year ended 30 June 2013

ENTEK ENERGY LIMITED
CORPORATE DIRECTORY

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Trent Benjamin Spry (Managing Director)
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The directors of Entek Energy Limited A.C.N. 108 403 425 ("Parent Entity" or "Company") present their report including the consolidated financial report of the Company and its controlled entities ("Consolidated Entity or Group") for the half-year ended 31 December 2013 ("Period"). The Company is a listed public company limited by shares, incorporated and domiciled in Australia.

DIRECTORS

The names of the directors of the Company who held office during or since the end of the half-year are:-

Graham Douglas Riley
Trent Benjamin Spry
Andrew John Padman
Alexander Forcke

OPERATING RESULTS

The operating loss for the Consolidated Entity, after income tax amounted to $808,864 (31 December 2012, loss of $2,508,724). The change in the operating loss was principally due to the following:

- A foreign currency translation profit of $2,162,141 was incurred compared to a loss of $882,701 in the previous reporting period due to the depreciation of the Australian dollar against the US dollar.

- Oil and gas operation and exploration expenses have increased from the prior period by $899,575 due to the depreciation of the Australian dollar and changes in working interest levels and related operating agreements throughout the Company's key onshore asset.

- A profit of $564,165 was recorded on the sale of the interest of an onshore producing Block in the six months ending 31 December 2012.

REVIEW OF OPERATIONS

The Company's primary assets held at the end of the Period comprise interests in:

- Working Interest in approximately 131,000 gross acres (approximately 50,000 net acres) of leasehold in the Green River Basin (GRB) onshore USA in Colorado and Wyoming States. Five Blocks in the shallow waters of the Outer Continental Shelf of the Gulf of Mexico (OCS GoM)
  - Two gas-producing wells; one in each of the GA A133 and PN 975 blocks
  - Three licences in various stages of ongoing evaluation and farm-out (GA 212, GA 213, and WC 517)
- Royalty interests in the VR 341/342 development.

PRODUCTION & REVENUE

In the Gulf of Mexico, the Company earned revenue from production from the Galveston A133 Block and the Padre North Block 975 wells and a royalty stream from the VR341/342 development.

The Galveston A133 Block (GA A133) well produced 384.407 MMSCF of gas and a minor quantity of condensate net to Entek, for revenue of AU$1,094,057 for the Period. This revenue includes estimates of receipts for the months of November and December 2013, since the actual earnings have not yet been received from the operator. The Company holds a 38% Working Interest in the GA-A133 well.

The Padre North 975 Block (PN 975-A11) well produced 19.68 MMSCF of gas and a minor quantity of condensate net to Entek, for revenue of AU$76,313 for the Period. This revenue includes estimates of receipts for the months of November and December 2013, since the actual earnings have not yet been received from the operator. The Company holds a 25% Working Interest in the PN 975-A11 well.

Royalties from the Vermilion 341/342 development totalled AU$233,248 for the six months to 31 December 2013. Production from this development is still being ramped up by the operator as a result of progressively resolving production facility bottlenecks. The Company expects to see an increase in future monthly royalty receipts.

In the Green River Basin the Company derives revenue from the Slater Dome Coal Bed Methane producing wells. During the Period, gross production from the Coal Bed Methane wells was 41.54 MMSCF and a minor quantity of condensate, generating gross revenue of AU$158,074.

GULF OF MEXICO (GOM)

In January 2014, Entek has relinquished block West Cameron 517 due to its limited remaining term and the gas prospectivity of the block. Efforts are continuing to farm out the two remaining exploration blocks in which the Company has 100% working interests, being the Galveston blocks GA 212 and GA 213.

GREEN RIVER BASIN (GRB)

Acquisition of a major 3D seismic program in the Battle Mountain AMI (Entek 20% working interest) was successfully undertaken and completed during the period by the operator, GRMR Oil and Gas, LLC (an affiliate of East Resources, Inc. ("East"). Data processing and interpretation is expected to be completed during the first half of 2014 in preparation for the drilling campaign later in the year. Three wells are expected to be drilled during the second half of 2014, all of which the Company is free carried through on an uncapped basis by East.

In December 2013 the Company acquired all of the jointly held Focus Ranch Unit assets from a former partner, including an approximately 42% net interest in the Slater Dome export pipeline. Work continued on accessing the Focus Ranch Unit and the Company was granted formal regulatory approval to construct an alternate access route to the Focus Ranch 3-1 well location and construction of the new route was completed. The Company is confident that the remaining access issues related to this unit are being resolved in the near term to facilitate our forward program during the 2014 drilling season.

Entek further acquired additional lease acreage within the Battle Mountain AMI in conjunction with East. Together with the above mentioned Focus Ranch and pipeline interest acquisitions, this accounted for the majority of the increase in capitalised exploration expenditure during the Period as shown in the accompanying Statement of Financial Position.

Further details in relation to Entek's key GRB asset are included in recent ASX releases and Company presentations which can be obtained from its website at www.entekenergy.com.au

Company Funding

There were no capital raisings undertaken by the Company over the past six months.

EVENTS SUBSEQUENT TO BALANCE DATE

There have been no significant changes in the State of Affairs of the Consolidated Entity at the date of this report, not otherwise disclosed in this report.

AUDITORS INDEPENDENCE DECLARATION

In accordance with the Corporations Act 2001 section 307C, the auditors of the Company, Stantons International have provided a signed auditors independence declaration to the directors in relation to the half-year ended 31 December 2013. This declaration has been attached to the independent review report to the members of the Company.

Signed in accordance with a resolution of the directors.

Trent Spry
Director, 14 March 2014
Perth, Western Australia

DIRECTORS' DECLARATION

The directors of Entek Energy Limited A.C.N. 055 719 394 ("Company") declare that:

a) in their opinion the accompanying financial statements and notes of the Consolidated Entity;

   i) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and

   ii) give a true and fair view of the Consolidated Entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and

b) In their opinion there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Trent Spry
Director, 14 March 2014
Perth, Western Australia

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Note	Half-Year to 31 December 2013 $	Half-Year to 31 December 2012 $
CONTINUING OPERATIONS			
Revenue	2	1,628,648	1,390,662
Other income	2	-	564,165
Other expenses	2	(2,437,512)	(4,463,551)
(LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAX		(808,864)	(2,508,724)
Income tax		-	-
(LOSS) FROM CONTINUING OPERATIONS AFTER INCOME TAX		(808,864)	(2,508,724)
OTHER COMPREHENSIVE INCOME			
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS		-	-
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS			
Foreign currency translation differences		(1,095,087)	198,175
OTHER COMPREHENSIVE (LOSS)/ INCOME FOR THE PERIOD, NET OF INCOME TAX		(1,095,087)	198,175
TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD		(1,903,951)	(2,310,549)
Comprehensive (loss) attributable to:			
Members of the parent entity:		(1,903,951)	(2,310,549)
BASIC (LOSS) PER SHARE (CENTS PER SHARE)		(0.37)	(0.49)
DILUTED (LOSS) PER SHARE (CENTS PER SHARE)		(0.37)	(0.49)

As the potential ordinary shares (options) on issue would increase the loss in the current period, they are not considered dilutive.

The accompanying notes form part of this financial report

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	Note	31 December 2013 $	30 June 2013 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		9,983,926	15,091,003
Trade and other receivables		879,903	682,399
Other Assets		1,078,822	1,281,116
TOTAL CURRENT ASSETS		11,942,651	17,054,518
NON-CURRENT ASSETS			
Trade and other receivables		207,429	146,598
Plant and Equipment		143,533	155,471
Capitalised exploration expenditure		20,025,158	16,582,952
Production Plant and Equipment		1,179,787	1,383,653
TOTAL NON-CURRENT ASSETS		21,555,907	18,268,674
TOTAL ASSETS		33,498,558	35,323,192
CURRENT LIABILITIES			
Trade and other payables		955,761	988,654
Provisions		78,333	69,462
TOTAL CURRENT LIABILITIES		1,034,094	1,058,116
NON-CURRENT LIABILITIES			
Provisions		1,507,483	1,424,869
TOTAL NON -CURRENT LIABILITIES		1,507,483	1,424,869
TOTAL LIABILITIES		2,541,577	2,482,985
NET ASSETS		30,956,981	32,840,207
EQUITY			
Issued capital	3	59,791,934	59,791,934
Reserves	4	2,255,537	3,329,899
Accumulated losses		(31,090,490)	(30,281,626)
TOTAL EQUITY		30,956,981	32,840,207

The accompanying notes form part of this financial report

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Half-Year to 31 December 2013 $	Half-Year to 31 December 2012 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	1,576,918	1,320,367
Payments to suppliers & employees	(1,033,129)	(1,096,678)
Interest received	8,164	14,262
NET CASH PROVIDED BY OPERATING ACTIVITIES	551,953	237,951
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(10,706)	(22,379)
Placement of Security Deposit	(55,473)	-
Refund of Bond	117,080	-
Purchase of Exploration Assets	(2,482,183)	-
Proceeds from sale	-	564,165
Reimbursement of Exploration Expenditure	-	1,138,676
Operating Exploration and Development expenditure	(3,680,491)	(4,289,489)
NET CASH (USED IN) INVESTING ACTIVITIES	(6,111,773)	(2,609,027)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from equity issues	-	-
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	-	-
NET(DECREASE) IN CASH AND CASH EQUIVALENTS	(5,559,820)	(2,371,076)
Net foreign exchange differences	452,743	(179,488)
Cash and cash equivalents at beginning of period	15,091,003	11,033,486
CASH AND CASH EQUIVALENTS AT END OF PERIOD	9,983,926	8,482,922

The accompanying notes form part of this financial report

Attributable to Members of the Company	**Issued Capital $**	**Option Premium Reserve $**	**Currency Translation Reserve $**	**Accumulated Losses $**	**Total Equity $**
At 1 July 2012	59,791,934	5,408,557	411,154	(26,931,188)	38,680,457
Loss for period	-	-	-	(2,508,724)	(2,508,724)
OTHER COMPREHENSIVE INCOME					
Currency translation differences	-	-	198,175	-	198,175
TOTAL COMPREHENSIVE RESULT FOR THE PERIOD	-	-	198,175	(2,508,724)	(2,310,549)
Share Based Payment	-	83,273	-	-	83,273
AT 31 DECEMBER 2012	59,791,934	5,491,830	609,329	(29,439,912)	36,453,181

Attributable to Members of the Company	**Issued Capital $**	**Option Premium Reserve $**	**Currency Translation Reserve $**	**Accumulated Losses $**	**Total Equity $**
At 1 July 2013	59,791,934	5,516,712	(2,186,813)	(30,281,626)	32,840,207
Loss for period	-	-	-	(808,864)	(808,864)
OTHER COMPREHENSIVE INCOME					
Currency translation differences	-	-	(1,095,087)	-	(1,095,087)
TOTAL COMPREHENSIVE RESULT FOR THE PERIOD	-	-	(1,095,087)	(808,864)	(1,903,951)
Share Based Payment	-	20,725	-	-	20,725
AT 31 DECEMBER 2013	59,791,934	5,537,437	(3,281,900)	(31,090,490)	30,956,981

NOTE 1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. The half-year financial report should be read in conjunction with the annual Financial Report of Entek Energy Limited as at 30 June 2013. It is also recommended that the half year financial report be considered together with any public announcements made by Entek Energy Limited during the half year ended 31 December 2013 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

a. Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2013 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting.* The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Entek Energy Limited and its controlled entities (referred to as the "consolidated group" or "group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2013, together with any public announcements made during the following half-year.

b. Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to some of the matters discussed at Note 1(c) below.

c. New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period

The following new and revised Australian Accounting Standards became applicable from 1 July 2013 together with consequential amendments to other Standards:

– AASB 10: *Consolidated Financial Statements;*

– AASB 127: *Separate Financial Statements* (August 2011);

– AASB 11: *Joint Arrangements;*

– AASB 128: *Investments in Associates and Joint Ventures* (August 2011);

– AASB 12: *Disclosure of Interests in Other Entities;*

– AASB 13: *Fair Value Measurement*

– AASB 2011-7: *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards;* and

– AASB 2012-10: *Amendments to Australian Accounting Standards — Transition Guidance and* Other *Amendments.*

These Standards became mandatorily applicable from 1 January 2013 and became applicable to the Group for the first time in the current half-year reporting period 1 July 2013 to 31 December 2013. The Group has applied these Accounting Standards retrospectively in accordance with AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* and the specific transition requirements in AASB 10 and AASB 11. The effects of initial application of these Standards in the current half-year reporting period are as follows:

- *Consolidated financial statements:*

AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. Revised AASB 127 facilitates the application of AASB 10 and prescribes requirements for separate financial statements of the parent entity. On adoption of AASB 10, the assets, liabilities and non-controlling interests related to investments in businesses that are now assessed as being controlled by the Group, and were therefore not previously consolidated, are measured as if the investee had been consolidated (and therefore applied acquisition accounting in accordance with AASB 3: *Business Combinations)* from the date when the Group obtained control of that investee on the basis of the requirements in AASB 10.

Upon the initial application of AASB 10, retrospective restatement of financial statement amounts of the year that immediately precedes the date of initial application (ie 2012-2013) is necessary. When control is considered to have been obtained earlier than the beginning of the immediately preceding year (ie pre-1 July 2012), any difference between the amount of assets, liabilities and non-controlling interests recognised and the previous carrying amount of the investment in that investee is recognised as an adjustment to equity as at 1 July 2012.

Although the first-time application of AASB 10 (together with the associated Standards) caused certain changes to the Group's accounting policy for consolidation and determining control, it did not result in any changes to the amounts reported in the Group's financial statements as the "controlled" status of the existing subsidiaries did not change, nor did it result in any new subsidiaries being included in the Group as a consequence of the revised definition. However, the revised wording of accounting policy for consolidation is set out in Note 1(d).

(i) *Fair value measurements and disclosures*

The Group has adopted AASB 13: *Fair Value Measurement* and AASB 2011-8: *Amendments to Australian Accounting Standards arising from AASB* 13 from 1 July 2013 together with consequential amendments to other Standards. These Standards became mandatorily applicable from 1 January 2013 and became applicable to the Group for the first time in the current half-year reporting period 1 July 2013 to 31 December 2013. AASB 13 sets out a comprehensive framework for measuring the fair value of assets and liabilities and prescribes enhanced disclosures regarding all assets and liabilities measured at fair value. Although these Standards do not significantly impact the fair value amounts reported in the Group's financial statements, the directors have determined that additional accounting policies providing a general description of fair value measurement and each level of the fair value hierarchy, as, set out in Note 1(e), should be incorporated in these financial statements.

(ii) *Other*

Other new and amending Standards that became applicable to the Group for the first time during this half-year reporting period are as follows:

AASB 2012-2: *Amendments to Australian Accounting Standards — Disclosures — Offsetting Financial Assets and Financial Liabilities* and AASB 2012-5: *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle.*

These Standards make changes to presentation and disclosure requirements, but did not affect the Group's accounting policies or the amounts reported in the financial statements.

AASB 119: *Employee Benefits* (September 2011) and AASB 2011-10: *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011).*

These Standards did not affect the Group's accounting policies or the amounts reported in the financial statements, mainly because the Group does not have defined benefit plan assets or obligations.

d. Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Entek Energy Limited) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

e. Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

(i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or

(ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (ie transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

NOTE 2. REVENUE, INCOME AND EXPENSES

The loss before income tax expense includes the following revenues and expenses where disclosure is relevant in explaining the performance of the Company:

	Half-Year to 31 December 2013 $	Half-Year to 31 December 2012 $
REVENUE		
Oil and gas sales	1,576,808	1,277,443
Interest received	8,164	14,262
Rental Income	43,676	98,957
	1,628,648	1,390,662
OTHER INCOME		
Profit realised on sale of exploration assets	-	564,165
	-	564,165

During the period ending 31 December 2012, the Company sold ATP269P to a third party for $1,702,841. The proceeds included $564,165 for the sale of assets and $1,138,676 for reimbursement of exploration expenditures.

	Half-Year to 31 December 2013 $	Half-Year to 31 December 2012 $
CHARGING AS EXPENSES		
Staff and consultants	474,108	491,655
Oil and gas operation and exploration expenses	2,297,624	1,398,049
Amortisation of capitalised expenditure/Depreciation of production plant & equipment	1,234,034	982,452
Cost of share based payment	20,725	83,273
Foreign currency translation differences (gain)/loss	(2,162,141)	882,701
Other	573,162	625,421
	2,437,512	4,463,551

NOTE 3. ISSUED CAPITAL

	Half-Year to 31 December 2013 $	Year to 30 June 2013 $
ORDINARY SHARES		
510,657,387 (30 June 2013: 510,657,387) fully paid ordinary shares	59,791,934	59,791,934
	59,791,934	59,791,934
MOVEMENTS IN ORDINARY SHARES		
At the beginning of the period	59,791,934	59,791,934
Movement	-	-
AT THE END OF THE FINANCIAL PERIOD	59,791,934	59,791,934

NOTE 4. RESERVES

	Half-Year to 31 December 2013 $	Year to 30 June 2013 $
Option premium reserve	5,537,437	5,516,712
Currency translation reserve	(3,281,900)	(2,186,813)
	2,255,537	3,329,899
MOVEMENTS IN OPTION PREMIUM RESERVE		
At the beginning of the period	5,516,712	5,408,557
Share based payments expense	20,725	108,155
AT THE END OF THE FINANCIAL PERIOD	5,537,437	5,516,712
MOVEMENTS IN CURRENCY TRANSLATION RESERVE		
At the beginning of the period	(2,186,813)	411,154
Movement for the half-year	(1,095,087)	(2,597,967)
AT THE END OF THE FINANCIAL PERIOD	(3,281,900)	(2,186,813)

NOTE 5. RECONCILIATION OF CASH AND CASH EQUIVALENTS

For the purposes of the Condensed Statement of Cash Flows, cash and cash equivalents comprise cash at bank.

NOTE 6. SEGMENT INFORMATION

PRIMARY REPORTING BUSINESS SEGMENTS

During the half-year ended 31 December 2013 and also during the half-year ended 31 December 2012, the Consolidated Entity operated entirely in the oil and gas industry. The consolidated entity operates in two geographical segments, Australasia and North America.

SECONDARY REPORTING GEOGRAPHICAL SEGMENTS

	External Revenue $	Inter-Segment Revenue $	Total Revenue $	Segment Profit/(Loss) $
HALF-YEAR TO 31 DECEMBER 2013				
Australasia	51,840	1,875,861	1,927,701	997,508
North America	1,576,808	-	1,576,808	(1,806,372)
TOTAL	1,628,648	1,875,861	3,504,509	(808,864)

	External Revenue $	Inter-Segment Revenue $	Total Revenue $	Segment Profit/(Loss) $
HALF-YEAR TO 31 DECEMBER 2012				
Australasia	113,219	1,622,587	1,735,806	(1,292,009)
North America	1,277,443	-	1,277,443	(1,216,715)
TOTAL	1,390,662	1,622,587	3,013,249	(2,508,724)

	Segment Assets $	Segment Liabilities $
HALF-YEAR TO 31 DECEMBER 2013		
Australasia	551,417	175,271
North America	32,947,141	2,366,306
TOTAL	33,498,558	2,541,577

	Segment Assets $	Segment Liabilities $
YEAR TO 30 JUNE 2013		
Australasia	898,612	386,338
North America	34,424,580	2,096,646
TOTAL	35,323,192	2,482,984

Segment revenues, expenses and results may include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the economic entity at an arm's length. These transfers are eliminated on consolidation.

NOTE 7. CONTINGENT LIABILITIES

There has been no significant change in contingent liabilities since the last annual reporting date.

NOTE 8. EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances have arisen since the end of the reporting date which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in subsequent financial years.

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
ENTEK ENERGY LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Entek Energy Limited, which comprises the condensed statement of financial position as at 31 December 2013, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity, and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Entek Energy Limited (the consolidated entity). The consolidated entity comprises both Entek Energy Limited (the Company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Entek Energy Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Entek Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Entek Energy Limited on 14 March 2014.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Entek Energy Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd

Martin Michalik
Director

West Perth, Western Australia
14 March 2014

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14 March 2014

Board of Directors
Entek Energy Limited
Ground Floor
338 Hay Street
Subiaco WA 6008

Dear Directors

RE: ENTEK ENERGY LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Entek Energy Limited.

As the Audit Director for the review of the financial statements of Entek Energy Limited for the half year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
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Martin Michalik

Martin Michalik
Director