ENTEK
ENERGY LIMITED

ABN 43 108 403 425

Consolidated Financial Report for the Half-Year to 31 December 2011

This document should be read in conjunction with the Annual Financial Report of Entek Energy Limited for the year ended 30 June 2011

ENTEK ENERGY LIMITED
CORPORATE DIRECTORY

DIRECTORS:
Graham Douglas Riley (Chairman)
Trent Benjamin Spry (Managing Director)
Andrew John Padman
Alexander Forcke

COMPANY SECRETARY: Andrew James Gastevich

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San Francisco, California 94104
Wells Fargo Bank, NA
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Denver, Colorado 80274

DIRECTORS' REPORT

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 2011. 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 $107,230 (31 December 2010, loss of $9,520,058). The reduction in the operating loss was due to the following:

- A foreign currency translation profit of $2,258,211 was incurred compared to a loss of $3,943,840 in the previous reporting period due to the depreciation of the Australian dollar against the US dollar.

- In the previous financial period the company adopted the "successful methods" basis of accounting which led to a one off charge of approximately $2.4 million relating to prior year costs in the half year financial report.

REVIEW OF OPERATIONS

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

- Eight Blocks in the shallow waters of the Outer Continental Shelf of the shallow waters of the Gulf of Mexico (OCS GoM)
  - Two gas-producing wells; one in each of the PN 975 and GA A133 blocks
  - Six licences in various stages of ongoing evaluation and farm-out (GA 212, GA 213, GB 115, MP 252, VK 818 and WC 517)
- 55% Working Interest in approximately 86,000 gross acres(approximately 72,000 net acres) of leasehold in the Green River Basin (GRB) onshore USA in Colorado and Wyoming States
- An interest in an onshore producing Block in south west Queensland (ATP 269P)

PRODUCTION & REVENUE

In Texas State waters, the Company earned revenue from the High Island 24L Blocks, the Padre North Block 975 and the Galveston A133 Block.

The two producing wells in the High Island Block produced 78.355 MMSCF of gas and 469 BBls of condensate net to Entek, for revenue of AU$335,989 until their sale in December 2011. The Company held a 5% Working Interest in producing Blocks 24L N/2 SW/4 and 24L S/2 SW/4 and in surrounding Blocks 25L S/2 SE/4 and 32L N/2 NW/4, all located in Texas State waters. All the interests in the High Island 24L Blocks have now been sold.

The producing well in the Padre North 975 Block (PN 975-A11) produced 31.818 MMSCF of gas and a minor quantity of condensate net to Entek, for revenue of AU$114,888 for the six months to 31 December 2011. This revenue includes estimates of receipts for the month of December 2011, 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.

The Galveston A133 Block (GA A133) producing well commenced production in August 2011 and produced 451.680 MMSCF of gas and a minor quantity of condensate net to Entek, for revenue of AU$1,378,415 for the six months to 31 December 2011. This revenue includes estimates of receipts for the month of December 2011, since the actual earnings have not yet been received from the operator. The Company holds a 38% Working Interest in the GA-A133 well.

In south west Queensland, the Company's interest in ATP-269P contributed production net to the Company of 430 BBls of crude oil (down significantly on the previous six month period due to heavy rains in the area causing access problems and well downtime awaiting well servicing). Revenue for the period was A$41,755. As a part of the strategic focus in the US, the Company is progressing the sale of this asset.

In the Green River Basin the Company derives revenue from the Slater Dome Coal Bed Methane producing wells. During the six months to 31 December 2011, gross production from the Coal Bed Methane wells was 62.77 MMSCF, generating gross revenue of AU$82,635, which includes an estimate for December 2011 based on actual first day of the month Colorado Interstate Gas Price.

Whilst revenue is less than Operating Expense for the field, all revenue (after royalties) is offset against the Operating Expense prior to any distribution to joint venture partners.

GULF OF MEXICO (GOM)

The first well on the VR 341/342 Oil Project in the Gulf of Mexico was drilled during the year. The Company announced on 2 June, 2011 that it had a successful oil discovery confirming oil reserves in first fault block on the structure. The successful results were as predicted pre-drill. Entek has a 50% working interest in the project (which has since been sold – refer below).

GREEN RIVER BASIN (GRB)

Three vertical appraisal wells were successfully drilled through the Niobrara section and completed on budget in 2011. All of these wells intersected multiple naturally fractured oil charged zones within the Niobrara shale.

The wells were drilled as appraisal wells to identify the most productive zones within the Niobrara and to obtain technical information necessary to design and execute effective fracture stimulation treatments in 2012.

All of these wells are producing 40˚ API, light high quality oil at low rates, with no associated water from the Niobrara, and they await stimulation as soon as operating conditions and permitting allows.

Company Funding

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

EVENTS SUBSEQUENT TO BALANCE DATE

On 6 March 2012, the company announced the sale of the VR 341/342 blocks in the Gulf of Mexico for US$7.5million in cash as well as a significant retained overriding royalty interest.

On the same day it was also announced the Company had completed the acquisition announced on 22 December 2011 and has acquired 27,555 gross acres (18,644 net acres) adjacent to its existing lease position in the Green River Basin. Under the Area of Mutual Interest Agreement between Entek and Emerald Oil & Gas NL ("Emerald"), 45% of the new acreage has been offered to Emerald for proportionate consideration, which if accepted (as anticipated) will leave Entek with a total holding of around 50,000 net acres.

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 2011. 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, 15 March 2012
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 2011 and its performance for the half-year ended on that date; and

b) In their opinion there are reasonable grounds to believe that the Company 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, 15 March 2012
Perth, Western Australia

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Note	Half-Year to 31 December 2011 $	Half-Year to 31 December 2010 $
CONTINUING OPERATIONS			
Revenue	2	2,258,815	1,593,773
Other income	2	492,468	—
Other expenses	2	(2,858,513)	(11,113,831)
PROFIT/(LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAX		(107,230)	(9,520,058)
Income tax		—	—
PROFIT/(LOSS) FROM CONTINUING OPERATIONS AFTER INCOME TAX		(107,230)	(9,520,058)
OTHER COMPREHENSIVE INCOME			
Foreign currency translation differences		(529,477)	568,542
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF INCOME TAX		(636,707)	(8,951,516)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		(636,707)	(8,951,516)
Comprehensive income/(loss) attributable to:			
Members of the parent entity:		(636,707)	(8,951,516)
BASIC EARNINGS/(LOSS) PER SHARE (CENTS PER SHARE)		(0.02)	(3.55)
DILUTED EARNINGS/(LOSS) PER SHARE (CENTS PER SHARE)		(0.02)	(3.55)

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 2011

	Note	31 December 2011 $	30 June 2011 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		9,231,663	16,828,910
Trade and other receivables		4,183,252	1,889,691
Asset Held for Sale	7	4,036,436	—
TOTAL CURRENT ASSETS		17,451,351	18,718,601
NON-CURRENT ASSETS			
Trade and other receivables		248,550	112,889
Plant and Equipment		95,704	87,749
Capitalised exploration expenditure		21,492,897	20,250,778
Production Plant and Equipment		5,304,516	4,647,540
TOTAL NON-CURRENT ASSETS		27,141,667	25,098,956
TOTAL ASSETS		44,593,018	43,817,557
CURRENT LIABILITIES			
Trade and other payables		3,402,281	2,453,500
Provisions		47,007	35,161
TOTAL CURRENT LIABILITIES		3,449,288	2,488,661
NON-CURRENT LIABILITIES			
Provisions		737,784	583,582
TOTAL NON CURRENT LIABILITIES		737,784	583,582
TOTAL LIABILITIES		4,187,072	3,072,243
NET ASSETS		40,405,946	40,745,314
EQUITY			
Issued capital	3	59,791,934	59,795,617
Reserves	4	5,661,132	5,889,587
Accumulated losses		(25,047,120)	(24,939,890)
TOTAL EQUITY		40,405,946	40,745,314

The accompanying notes form part of this financial report

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Half-Year to 31 December 2011 $	Half-Year to 31 December 2010 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	1,931,511	1,551,412
Payments to suppliers & employees	(1,120,231)	(2,994,845)
Interest received	216,118	42,361
NET CASH USED IN OPERATING ACTIVITIES	1,027,398	(1,401,072)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(53,827)	(52,376)
Placement of Security Deposit	(133,881)	—
Proceeds from sale of Capitalised Exploration Expenditure	1,293,400	—
Exploration and Development expenditure	(10,057,572)	(5,967,029)
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	(8,951,880)	(6,019,405)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from equity issues	—	8,125,000
Share issue costs	—	(500,492)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	—	7,624,508
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(7,924,482)	204,031
Net foreign exchange differences	327,235	(2,231,418)
Cash and cash equivalents at beginning of period	16,828,910	5,877,978
CASH AND CASH EQUIVALENTS AT END OF PERIOD	9,231,663	3,850,591

The accompanying notes form part of this financial report

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

Attributable to Members of the Company	**Issued Capital $**	**Option Premium Reserve $**	**Currency Translation Reserve $**	**Accumulated Losses $**	**Total Equity $**
At 1 July 2010	28,433,670	4,363,047	89,476	(10,552,158)	22,334,035
Currency translation differences	—	—	568,542	—	568,542
Loss for period	—	—	—	(9,520,058)	(9,520,058)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	—	—	568,542	(9,520,058)	(8,951,516)
Shares issued	7,624,508	127,188	—	—	7,751,696
Shares to be issued	—	—	—	—	—
AT 31 DECEMBER 2010	36,058,178	4,490,235	658,018	(20,072,216)	21,134,215

Attributable to Members of the Company	**Issued Capital $**	**Option Premium Reserve $**	**Currency Translation Reserve $**	**Accumulated Losses $**	**Total Equity $**
At 1 July 2011	59,795,617	4,947,741	941,846	(24,939,890)	40,745,314
Currency translation differences	—	—	(529,477)	—	(529,477)
Loss for period	—	—	—	(107,230)	(107,230)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	—	—	(529,477)	(107,230)	(636,707)
Shares issued	(3,683)	301,022	—	—	297,339
Shares to be issued	—	—	—	—	—
AT 31 DECEMBER 2011	59,791,934	5,248,763	412,369	(25,047,120)	40,405,946

The accompanying notes form part of this financial report

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 2011. 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 2011 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

Basis of accounting and statement of compliance

The half-year financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 “Interim Financial Reporting” and other mandatory professional reporting requirements. The interim financial statements were approved by the Board of Directors on the date the Directors Report is dated. The accounting policies applied by the Company in this interim financial report are the same as those applied by the Company in its financial report for the year ended 30 June 2011.

Accounting Standards not previously applied

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the company’s 2010 annual financial report for the financial year ended 30 June 2011, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 January 2011:

- AASB 124 *Related Party Disclosures (amendment)* effective 1 January 2011
- AASB 132 *Financial Instruments: Presentation (amendment)* effective 1 February 2010 AASB Int 14 Prepayments *of a Minimum Funding Requirement (amendment)* effective 1 January 2011
- *Improvements to AASBs* (May 2010)

The adoption of the standards or interpretations is described below:

AASB 124 Related Party Transactions (Amendment)

The AASB issued an amendment to AASB 124 that clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships and clarifies the circumstances in which persons and key management personnel affect related party relationships of an entity. In addition, the amendment introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

AASB 132 *Financial instruments: Presentation* (Amendment)

The AASB issued an amendment that alters the definition of a financial liability in AASB 132 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment has had no effect on the financial position or performance of the Group because the Group does not have these type of instruments.

AASB Int 14 Prepayments *of a Minimum Funding Requirement* (Amendment)

The amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognised as a pension asset. The Group is not subject to minimum funding requirements, therefore the amendment of the interpretation has no effect on the financial position nor performance of the Group.

In May 2010, the AASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of those amendments had no impact on the financial position or performance of the Group.

The Group has not elected to early adopt any of the new standards or amendments that are issued but not yet effective.

Statement of compliance

The half-year financial report complies with the Corporations Act 2001 and AASB 134 "Interim Financial Reporting". Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting".

Significant Accounting Policies

Other than the changes identified above, the half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2011.

Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. Due diligence costs associated with exploration and development expenditure are fully written off. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the relevant permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis. Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

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 2011 $	Half-Year to 31 December 2010 $
REVENUE		
Oil and gas sales	1,953,682	1,494,734
Interest received	216,118	42,361
Rental Income	89,015	56,678
	2,258,815	1,593,773

	Half-Year to 31 December 2011 $	Half-Year to 31 December 2010 $
OTHER INCOME		
Profit realised on sale of financial assets (refer to NOTE 7)	492,468	—
	492,468	—
CHARGING AS EXPENSES		
Staff and consultants	468,236	536,574
Oil and gas operation expenses	1,857,380	4,749,007
Legal fees	71,622	30,762
Amortisation of capitalised expenditure	794,061	1,042,694
Amortisation of rehabilitation costs	996,824	-
Cost of share based payment	301,022	127,187
Foreign currency translation differences (gain)/loss	(2,258,211)	3,943,840
Net change in fair value of available for sale financial assets	—	—
Other	627,579	683,767
	2,858,513	11,113,831

NOTE 3. ISSUED CAPITAL

	Half-Year to 31 December 2011 $	Year to 30 June 2011 $
ORDINARY SHARES		
510,657,387 (30 June 2011: 510,657,387) fully paid ordinary shares	59,791,934	59,795,617
	59,791,934	59,795,617
MOVEMENTS IN ORDINARY SHARES		
At the beginning of the period	59,795,617	28,433,666
33,500,000 shares issued on 28 September 2010	—	4,355,000
29,000,000 shares issued on 1 November 2010	—	3,770,000
40 shares issued on 6 April 2011	—	4
43,153,830 shares issued on 14 April 2011	—	5,178,460
77,679,504 shares issued on 20 May 2011	—	9,321,540
102,131,478 shares issued on 20 June 2011	—	10,723,806
Share issue expenses	(3,683)	(1,986,859)
AT THE END OF THE FINANCIAL PERIOD	59,791,934	59,795,617

NOTE 4. RESERVES

	Half-Year to 31 December 2011 $	Year to 30 June 2011 $
Option premium reserve	5,248,763	4,947,741
Currency translation reserve	412,369	941,846
	5,661,132	5,889,587
MOVEMENTS IN OPTION PREMIUM RESERVE		
At the beginning of the period	4,947,741	4,363,047
Share based payments expense	301,022	584,694
AT THE END OF THE FINANCIAL PERIOD	5,248,763	4,947,741
MOVEMENTS IN CURRENCY TRANSLATION RESERVE		
At the beginning of the period	941,846	89,476
Consolidation adjustment for the half-year	(529,477)	852,370
AT THE END OF THE FINANCIAL PERIOD	412,369	941,846

NOTE 5. RECONCILIATION OF CASH AND CASH EQUIVALENTS

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

NOTE 6. SEGMENT INFORMATION

PRIMARY REPORTING BUSINESS SEGMENTS

During the half-year ended 31 December 2011 and also during the half-year ended 31 December 2010, the Consolidated Entity operated entirely in the oil and gas industry.

SECONDARY REPORTING GEOGRAPHICAL SEGMENTS

	External Revenue $	Inter-Segment Revenue $	Total Revenue $	Segment Profit/(Loss) $
HALF-YEAR TO 31 DECEMBER 2011				
Australasia	346,888	1,423,750	1,770,638	1,244,320
North America	1,911,927	—	1,911,927	(1,351,550)
TOTAL	2,258,815	1,423,750	3,682,565	(107,230)

	External Revenue $	Inter-Segment Revenue $	Total Revenue $	Segment Profit/(Loss) $
HALF-YEAR TO 31 DECEMBER 2010				
Australasia	213,435	985,586	1,199,021	(5,194,207)
North America	1,380,338	—	1,380,338	(4,325,851)
TOTAL	1,593,773	985,586	2,579,359	(9,520,058)

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. DISCONTINUED OPERATIONS

On 8 December 2011 the Company announced the sale of the High Island 24L gas producing asset (effective date of sale 1 April 2011). The results of the asset are presented below:

	Half-Year to 31 December 2011 $	Year to 30 June 2011 $
Revenue	335,989	1,314,596
Expenses	(150,110)	(621,675)
Gross Profit	185,879	692,921
PROFIT/LOSS FOR THE PERIOD FROM A DISCONTINUED OPERATION	185,879	692,921
Consideration Received	1,293,400	—
Carrying Value of net assets disposed	(800,932)	—
PROFIT ON DISPOSAL (REFER TO NOTE 2)	492,468	—

On 6 March 2012, the Company announced the sale of the VR 341/342 blocks in the Gulf of Mexico for US$7.5million in cash as well as a significant retained overriding royalty interest. The results of the asset are presented below:

	Half-Year to 31 December 2011 $	Year to 30 June 2011 $
Revenue	—	—
Expenses	(37,036)	—
Gross Profit/(Loss)	(37,036)	—
PROFIT/(LOSS) FOR THE PERIOD FROM A DISCONTINUED OPERATION	(37,036)	—
Consideration Received	7,384,797	—
Carrying Value of net assets disposed	(4,036,436)	—
PROFIT ON DISPOSAL	3,348,361	—

NOTE 8. CONTINGENT LIABILITIES

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

NOTE 9. EVENTS SUBSEQUENT TO BALANCE DATE

On 6 March 2012, the Company announced the sale of the VR 341/342 blocks in the Gulf of Mexico for US$7.5million in cash as well as a significant retained overriding royalty interest.

On the same day it was also announced the Company had completed the acquisition announced on 22 December 2011 and has acquired 27,555 gross acres (18,644 net acres) adjacent to its existing lease position in the Green River Basin. Under the Area of Mutual Interest Agreement between Entek and Emerald Oil & Gas NL (“Emerald”), 45% of the new acreage has been offered to Emerald for proportionate consideration, which if accepted (as anticipated) will leave Entek with a total holding of around 50,000 net acres.

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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 2011, the condensed statement of 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 2011 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 15 March 2012.

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 2011 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

Martin Michalik
Director

West Perth, Western Australia
15 March 2012

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15 March 2012

Board of Directors
Entek Energy Limited
Ground Floor, 15 Rheola Street
WEST PERTH WA 6005

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 2011, 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

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Martin Michalik
Director