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**NOTICE OF ANNUAL GENERAL MEETING  
AND EXPLANATORY  
MEMORANDUM**

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**Date of Meeting**

Thursday, 22 October 2015

**Time of Meeting**

10.00am WST

**Place of Meeting**

Entek Energy Limited  
338 Hay Street  
Subiaco, Western Australia

**A Proxy Form is enclosed**

Please read this Notice and Explanatory Memorandum carefully. If you are unable to attend the Annual General Meeting please complete and return the enclosed Proxy Form in accordance with the specified directions.

# ENTEK ENERGY LIMITED

ABN 43 108 403 425

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the shareholders of Entek Energy Limited ABN 43 108 430 425 ("Company") will be held at the office of Entek Energy Limited, 338 Hay Street, Subiaco, Western Australia on Thursday 22 October, 2015 at 10.00am WST for the purpose of transacting the following business referred to in this Notice of Annual General Meeting.

Details of the definitions and abbreviations used in this Notice are set out in the Glossary to the Explanatory Memorandum.

## AGENDA

### ITEMS OF BUSINESS

#### Financial Reports

To receive and consider the financial statements of the Company for the year ended 30 June 2015, 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 resolution as a **non-binding resolution**:

*"That the Remuneration Report for the year ended 30 June 2015 as set out in the Company's 2015 Annual Report be adopted."*

**Note:** The vote on this Resolution is advisory only and does not bind the Directors or the Company. Shareholders are encouraged to read the Explanatory Memorandum for further details on the consequences of voting on this Resolution.

**Voting Exclusion:** The Company will disregard any votes cast on Resolution 1 by or on behalf of a Restricted Voter<sup>1</sup>. However, the Company need not disregard a vote if:

- a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed Resolution; and
- b) it is not cast on behalf of a Restricted Voter.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 1 unless:

- a) the appointment specifies the way the proxy is to vote on Resolution 1; or
- b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 1.

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<sup>1</sup> "Restricted Voter" means Key Management Personnel and their Closely Related Parties as defined in the glossary.

Shareholders may also choose to direct the Chair to vote against Resolution 1 or to abstain from voting.

If you are a Restricted Voter and purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

## **2. RESOLUTION 2 - Re-election of Graham Riley as a Director**

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

*“That Mr Graham Riley who retires in accordance with clause 13.2 of the Constitution and being eligible for re-election, be re-elected as a Director.”*

## **3. RESOLUTION 3 - Issue of Incentive Options to Trent Spry (or his nominee(s))**

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

*“That, pursuant to and in accordance with section 208 of the Corporations Act and Listing Rule 10.11 and for all other purposes, the Directors be and are hereby authorised to grant and issue up to 6,000,000 Incentive Options to Trent Spry or his nominee(s), on the terms and conditions set out in the Explanatory Memorandum (including Annexure A to the Explanatory Memorandum).”*

**Short Explanation:** The Incentive Options shall be issued in two tranches, 50% of the Incentive Options shall form Tranche 1 (“**Tranche 1**”) and 50% shall form Tranche 2 (“**Tranche 2**”). The exercise price of the Tranche 1 Incentive Options to be issued under this Resolution will be equal to the greater of 6 cents and 150% of the volume weighted average market price of Shares traded on ASX for the 30 trading days up to and including the day prior to the Meeting (with any fractions of a cent rounded up to the nearest whole cent). The exercise price of the Tranche 2 Incentive Options to be issued under this Resolution will be the greater of 8 cents and 200% of the volume weighted average market price of Shares traded on ASX for the 30 trading days up to and including the day prior to the Meeting (with any fractions of a cent rounded up to the nearest whole cent). The Company will announce the exercise price of the Incentive Options, so calculated, for Tranche 1 and Tranche 2 respectively prior to the commencement of the Meeting. It is proposed that the Incentive Options will be issued immediately after approval from Shareholders has been obtained. 50% of the Tranche 1 and Tranche 2 Incentive Options will be subject to a vesting period of 12 months from the date of issue, during which time the holder shall not be permitted to exercise the Incentive Options. The balance of the Tranche 1 and Tranche 2 Incentive Options will be freely exercisable once issued.

**Voting Exclusion:** The Company will disregard any votes cast on Resolution 3 by:

- (a) Trent Spry; and
- (b) an associate of Trent Spry.

However, the Company need not disregard a vote if:

- (c) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (d) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 3 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 3; or
  - (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.
- Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 3.

Shareholders may also choose to direct the Chair to vote against Resolution 3 or to abstain from voting.

If you are a Restricted Voter and purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

For the purpose of this voting exclusion, the statement “associate” shall have the meaning set out in sections 12 and 16 of the Corporations Act. Section 12 of the Corporations Act is to be applied as if it was not confined to associate references coming out of Chapter 6 of the Corporations Act and on the basis that the Company is the “designated body”. An “associate” also includes a related party of Trent Spry.

#### **4. RESOLUTION 4 - Issue of Incentive Options to Graham Riley (or his nominee(s))**

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

*“That, pursuant to and in accordance with section 208 of the Corporations Act and Listing Rule 10.11 and for all other purposes, the Directors be and are hereby authorised to grant and issue up to 3,000,000 Incentive Options to Graham Riley or his nominee(s), on the terms and conditions set out in the Explanatory Memorandum (including Annexure A to the Explanatory Memorandum).”*

**Short Explanation:** The Incentive Options shall be issued in two tranches, 50% of the Incentive Options shall form Tranche 1 (“**Tranche 1**”) and 50% shall form Tranche 2 (“**Tranche 2**”). The exercise price of the Tranche 1 Incentive Options to be issued under this Resolution will be equal to the greater of 6 cents and 150% of the volume weighted average market price of Shares traded on ASX for the 30 trading days up to and including the day prior to the Meeting (with any fractions of a cent rounded up to the nearest whole cent). The exercise price of the Tranche 2 Incentive Options to be issued under this Resolution will be the greater of 8 cents and 200% of the volume weighted average market price of Shares traded on ASX for the 30 trading days up to and including the day prior to the Meeting (with any fractions of a cent rounded up to the nearest whole cent). The Company will announce the exercise price of the Incentive Options, so calculated, for Tranche 1 and Tranche 2 respectively prior to the commencement of the Meeting. It is proposed that the Incentive Options will be issued immediately after approval from Shareholders has been obtained. 50% of the Tranche 1 and Tranche 2 Incentive Options will be subject to a vesting period of 12 months from the date of issue, during which time the holder shall not be permitted to exercise the Incentive Options. The balance of the Tranche 1 and Tranche 2 Incentive Options will be freely exercisable once issued.

**Voting Exclusion:** The Company will disregard any votes cast on Resolution 4 by:

- (a) Graham Riley; and
- (b) an associate of Graham Riley.

However, the Company need not disregard a vote if:

- (c) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (d) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 4 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 4; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 4.

Shareholders may also choose to direct the Chair to vote against Resolution 4 or to abstain from voting.

If you are a Restricted Voter and purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

For the purpose of this voting exclusion, the statement “associate” shall have the meaning set out in sections 12 and 16 of the Corporations Act. Section 12 of the Corporations Act is to be applied as if it was not confined to associate references coming out of Chapter 6 of the Corporations Act and on the basis that the Company is the “designated body”. An “associate” also includes a related party of Graham Riley.

## **5. RESOLUTION 5 - Issue of Incentive Options to Alexander Forcke (or his nominee(s))**

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

*“That, pursuant to and in accordance with section 208 of the Corporations Act and Listing Rule 10.11 and for all other purposes, the Directors be and are hereby authorised to grant and issue up to 3,000,000 Incentive Options to Alexander Forcke or his nominee(s), on the terms and conditions set out in the Explanatory Memorandum (including Annexure A to the Explanatory Memorandum).”*

**Short Explanation:** The Incentive Options shall be issued in two tranches, 50% of the Incentive Options shall form Tranche 1 (“**Tranche 1**”) and 50% shall form Tranche 2 (“**Tranche 2**”). The exercise price of the Tranche 1 Incentive Options to be issued under this Resolution will be equal to the greater of 6 cents and 150% of the volume weighted average market price of Shares traded on ASX for the 30 trading days up to and including the day prior to the Meeting (with any fractions of a cent rounded up to the nearest whole cent). The exercise price of the Tranche 2 Incentive Options to be issued under this Resolution will be the greater of 8 cents and 200% of the volume weighted average market price of Shares traded on ASX for the 30 trading days up to and including the day prior to the Meeting (with any fractions of a cent rounded up to the nearest whole cent). The Company will announce the exercise price of the Incentive Options, so calculated, for Tranche 1 and Tranche 2

respectively prior to the commencement of the Meeting. It is proposed that the Incentive Options will be issued immediately after approval from Shareholders has been obtained. 50% of the Tranche 1 and Tranche 2 Incentive Options will be subject to a vesting period of 12 months from the date of issue, during which time the holder shall not be permitted to exercise the Incentive Options. The balance of the Tranche 1 and Tranche 2 Incentive Options will be freely exercisable once issued.

**Voting Exclusion:** The Company will disregard any votes cast on Resolution 5 by:

- (a) Alexander Forcke; and
- (b) an associate of Alexander Forcke.

However, the Company need not disregard a vote if:

- (c) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (d) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 5 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 5; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 5.

Shareholders may also choose to direct the Chair to vote against Resolution 5 or to abstain from voting.

If you are a Restricted Voter and purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

For the purpose of this voting exclusion, the statement “associate” shall have the meaning set out in sections 12 and 16 of the Corporations Act. Section 12 of the Corporations Act is to be applied as if it was not confined to associate references coming out of Chapter 6 of the Corporations Act and on the basis that the Company is the “designated body”. An “associate” also includes a related party of Alexander Forcke.

## **6. RESOLUTION 6 - Issue of Incentive Options to Andrew Padman (or his nominee(s))**

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

*“That, pursuant to and in accordance with section 208 of the Corporations Act and Listing Rule 10.11 and for all other purposes, the Directors be and are hereby authorised to grant and issue up to 3,000,000 Incentive Options to Andrew Padman or his nominee(s), on the terms and conditions set out in the Explanatory Memorandum (including Annexure A to the Explanatory Memorandum).”*

**Short Explanation:** The Incentive Options shall be issued in two tranches, 50% of the Incentive Options shall form Tranche 1 (“**Tranche 1**”) and 50% shall form Tranche 2 (“**Tranche 2**”). The exercise price of the Tranche 1 Incentive Options to be issued under this Resolution will be equal to the greater of 6 cents and 150% of the volume weighted average market price of

Shares traded on ASX for the 30 trading days up to and including the day prior to the Meeting (with any fractions of a cent rounded up to the nearest whole cent). The exercise price of the Tranche 2 Incentive Options to be issued under this Resolution will be the greater of 8 cents and 200% of the volume weighted average market price of Shares traded on ASX for the 30 trading days up to and including the day prior to the Meeting (with any fractions of a cent rounded up to the nearest whole cent). The Company will announce the exercise price of the Incentive Options, so calculated, for Tranche 1 and Tranche 2 respectively prior to the commencement of the Meeting. It is proposed that the Incentive Options will be issued immediately after approval from Shareholders has been obtained. 50% of the Tranche 1 and Tranche 2 Incentive Options will be subject to a vesting period of 12 months from the date of issue, during which time the holder shall not be permitted to exercise the Incentive Options. The balance of the Tranche 1 and Tranche 2 Incentive Options will be freely exercisable once issued.

**Voting Exclusion:** The Company will disregard any votes cast on Resolution 6 by:

- (a) Andrew Padman; and
- (b) an associate of Andrew Padman.

However, the Company need not disregard a vote if:

- (c) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (d) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 6 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 6; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 6.

Shareholders may also choose to direct the Chair to vote against Resolution 6 or to abstain from voting.

If you are a Restricted Voter and purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

For the purpose of this voting exclusion, the statement “associate” shall have the meaning set out in sections 12 and 16 of the Corporations Act. Section 12 of the Corporations Act is to be applied as if it was not confined to associate references coming out of Chapter 6 of the Corporations Act and on the basis that the Company is the “designated body”. An “associate” also includes a related party of Andrew Padman.

## **OTHER BUSINESS**

**To deal with any other business which may be brought forward in accordance with the Company's Constitution and the Corporations Act 2001 (Cth).**

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

## **BY ORDER OF THE BOARD**



**Nerida Schmidt**

Company Secretary

Dated: 14 September 2015

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## **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 and by submitting their proxy appointment and voting instructions in person, by post, electronically via the Internet or by facsimile.

## **VOTING IN PERSON (OR BY ATTORNEY)**

Shareholders, or their attorneys, who plan to attend the Meeting are asked to arrive at the venue 15 minutes prior to the time designated for the Meeting, if possible, so that their holding may be checked against the Company's share register and attendance recorded. To be effective a certified copy of the power of attorney, or the original power of attorney under which they have been authorised to attend and vote at the Meeting, must be received by the Company in the same manner, and by the same time as outlined for proxy forms below.

## **VOTING BY A CORPORATION**

A shareholder that is a corporation may appoint an individual to act as its representative to vote at the Meeting in accordance with section 250D of the Corporations Act 2001 (Cth) ("Corporations Act"). The representative should bring to the Meeting evidence of his or her appointment, including any authority under which the appointment is signed. The appropriate "Appointment of Corporate Representative" form should be completed and produced prior to admission to the Meeting. This form may be obtained from 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. If the proxy has two or more appointments that specify different ways to vote on a resolution, the proxy must not vote on that resolution on a show of hands.
- 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 (ie. where there are two proxies, each proxy may exercise half of the votes). If you wish to appoint a second proxy, an additional proxy form may be obtained by telephoning the Company's share registry or you may copy the enclosed proxy form. To appoint a second proxy, you must follow the instructions on the proxy form.
- 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 generally vote, or abstain from voting, as they think fit. However, where a Restricted Voter is appointed as a proxy, the proxy may only vote on Resolutions 1 and 3 - 6 in accordance with a direction on how the proxy is to vote, or if the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.
- Should any Resolution, other than those specified in this Notice, be proposed at the Meeting, a proxy may vote on that resolution as they think fit.
- If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the Shareholder's behalf on the poll and the Shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
- Shareholders who return their proxy forms with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the Meeting as their proxy to vote on their behalf. If a proxy form is returned but the nominated proxy does not attend the Meeting, the Chairman of the Meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chairman of the Meeting, the secretary or any Director that do not contain a direction how to vote will be used where possible to support each of the Resolutions proposed in this Notice, provided they are entitled to cast votes as a proxy under the voting exclusion rules which apply to some of the proposed resolutions. These rules are explained in this Notice.
- To be effective, proxies must be lodged by 10.00am (WST) on 20 October 2015. Proxies lodged after this time will be invalid.

Proxies may be lodged using any of the following methods:-

- Online**            [www.investorvote.com.au](http://www.investorvote.com.au)
- By mail**            Share Registry - Computershare Investor Services Pty Limited, GPO Box 242,  
Melbourne, VIC 3001, Australia
- By Fax**            1800 783 447 (within Australia)  
+61 3 9473 2555 (outside Australia)
- By mobile**        Scan the QR Code on your proxy form and follow the prompts
- Custodian  
Voting**            For Intermediary Online subscribers only (custodians) please visit  
[www.intermediaryonline.com](http://www.intermediaryonline.com) to submit your voting intentions

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 10.00am (WST) on 20 October 2015. 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 5.00pm (WST) 20 October 2015.

# ENTEK ENERGY LIMITED

ABN 43 108 403 425

## EXPLANATORY MEMORANDUM

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

The Directors recommend Shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

### 1. 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 2015 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 Auditor’s Report;
- the accounting policies adopted by the Company in relation to the preparation of the accounts; and
- the independence of the auditor in relation to the conduct of the audit.

The Chair will also allow a reasonable opportunity for the Auditor to answer any written questions submitted to the Auditor under section 250PA of the Corporations Act.

### 2. 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 2015 Annual Financial Report.

The vote on the Resolution is advisory only and does not bind the Directors or the Company. The Remuneration Report is set out in the Company’s 2015 Annual Report and is also available on the Company’s website [www.entekenergy.com.au](http://www.entekenergy.com.au)

Under the Corporations Act, if at least 25% of the votes cast are against adoption of the Remuneration Report at an AGM, and then again at the following AGM, the Company will be

required to put a resolution to the following AGM, to approve calling an extraordinary general meeting (**Spill Resolution**). If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene an extraordinary general meeting (**Spill Meeting**) within 90 days of the following AGM.

All of the Directors who were in office when the applicable Directors' Report was approved, other than the Managing Director, will need to stand for re-election at the Spill Meeting if they wish to continue as Directors.

The Remuneration Report for the financial year ended 30 June 2014 did not receive a vote of more than 25% against its adoption at the Company's last AGM held on 27 November 2014. Accordingly, if at least 25% of the votes cast on Resolution 1 are against adoption of the Remuneration Report, a Spill Resolution is not required to be included in this Notice.

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

The Chair will give Shareholders a reasonable opportunity to ask questions about, or make comments on the Remuneration Report.

## **VOTING**

A voting exclusion applies to Resolution 1 on the terms set out in the Notice. In particular, the Directors and other Restricted Voters may not vote on this Resolution and may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise your proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. The Chair will use any such proxies to vote in favour of the Resolution.

Shareholders are urged to carefully read the proxy form and provide a direction to the proxy on how to vote on this Resolution.

### **3. RESOLUTION 2 - RE-ELECTION OF GRAHAM RILEY AS A DIRECTOR**

Resolution 2 seeks approval for the re-election of Mr Graham Riley as a Director with effect from the end of the Meeting.

Clause 13.2 of the Constitution provides that at each Annual General Meeting one-third of the Directors (other than alternate Directors and the Managing Director) or, if their number is not a multiple of three, then the number nearest to but not more than one-third of the Directors must retire from office.

Graham Riley, being a Director, retires by way of rotation and, being eligible, offers himself for re-election as a Director.

Mr Riley is a qualified Legal Practitioner with significant experience in the resources sector, particularly in oil and gas exploration and production. He was a foundation Director of ARC Energy Limited and a former Non-Executive Director of Adelphi Energy Limited prior to its takeover in 2010. Mr Riley was also Chairman of Red Hill Limited, Buru Energy Limited and Giralia Resources NL, where prior to its takeover he oversaw the spin out of numerous independently listed commodity specific explorers. He is currently a Non-Executive Director of Gascoyne Resources Limited.

Mr Riley was appointed as a Non-Executive Director of the Company on 1 February, 2011.

## Directors' Recommendation

The Directors (in the absence of Mr Riley) recommend that Shareholders vote in favour of the re-election of Mr Riley.

### 4. RESOLUTIONS 3 TO 6 - ISSUES OF INCENTIVE OPTIONS TO PARTICIPATING DIRECTORS (OR THEIR NOMINEE(S))

The Company proposes to grant and issue a total of 15,000,000 Incentive Options as follows:

- (a) 3,750,000 Incentive Options, each Incentive Option with an exercise price equal to the greater of 6 cents and 150% of the 30 day VWAP of Shares and expiry date 3 years from the date of issue of the Incentive Options ("**Portion A Tranche 1**");
- (b) 3,750,000 Incentive Options, each Incentive Option with an exercise price equal to the greater of 6 cents and 150% of the 30 day VWAP of Shares, vesting 1 year from, and expiring 3 years from, the date of issue of the Incentive Options ("**Portion B Tranche 1**"), (together "**Tranche 1**");
- (c) 3,750,000 Incentive Options, each Incentive Option with an exercise price equal to the greater of 8 cents and 200% of the 30 day VWAP of Shares and expiry date 3 years from the date of issue of the Incentive Options ("**Portion A Tranche 2**"); and
- (d) 3,750,000 Incentive Options, each Incentive Option with an exercise price equal to the greater of 8 cents and 200% of the 30 day VWAP of Shares, vesting 1 year from, and expiring 3 years from, the date of issue of the Incentive Options ("**Portion B Tranche 2**"), (together "**Tranche 2**"),

to Graham Riley, Trent Spry, Alexander Forcke and Andrew Padman ("**Participating Directors**"), or their nominee(s). The terms of the Incentive Options are set out in Annexure A to this Explanatory Memorandum.

### Related Party Transactions Generally

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a *related party* of the public company *unless* either:

- (a) the giving of the financial benefits falls within one of the nominated exceptions to the provision; or
- (b) shareholder approval is obtained prior to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E of the Corporations Act, each of the Participating Directors is considered to be a related party of the Company.

Resolutions 3 – 6 provide for the grant of Incentive Options to the Participating Directors which is a financial benefit which requires shareholder approval for the purpose of section 208 of the Corporations Act.

## INFORMATION REQUIREMENTS

For the purposes of Chapter 2E of the Corporations Act the following information is provided.

***The related parties to whom the proposed resolutions would permit the financial benefit to be given***

Subject to Shareholder approval, the following maximum number of Incentive Options will be granted to the following related parties, or their respective nominee(s):

| Director         | Portion A Tranche 1 | Portion B Tranche 1 | Portin A Tranche 2 | Portion B Tranche 2 | Total     |
|------------------|---------------------|---------------------|--------------------|---------------------|-----------|
| Graham Riley     | 750,000             | 750,000             | 750,000            | 750,000             | 3,000,000 |
| Trent Spry       | 1,500,000           | 1,500,000           | 1,500,000          | 1,500,000           | 6,000,000 |
| Alexander Forcke | 750,000             | 750,000             | 750,000            | 750,000             | 3,000,000 |
| Andrew Padman    | 750,000             | 750,000             | 750,000            | 750,000             | 3,000,000 |

***The nature of the financial benefit***

The proposed financial benefit to be given is the grant of Incentive Options for no consideration to the Participating Directors as noted above.

***The details of the financial benefit including reasons for giving the type and quantity of the benefit***

The terms and conditions of the Incentive Options to be granted to the Participating Directors (or their respective nominee(s)) are set out in Annexure A to this Explanatory Memorandum.

The grant and issue of Incentive Options encourages the Participating Directors to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through share ownership. Under the Company's current circumstances the Directors consider that the incentives intended for the Participating Directors represented by the grant of these Incentive Options are a cost effective and efficient means for the Company to provide a reward and an incentive, as opposed to alternative forms of incentive, such as the payment of additional cash compensation.

It is noted that the Participating Directors do not currently hold any incentive based equity securities, with all most recently issued Director incentive options having expired in mid-2014. Further, in view of the current challenging market conditions and global economic downturn, all Participating Directors have chosen to significantly reduce their respective cash remuneration in early 2015 to preserve the Company's capital.

Shareholders should note that for the reasons noted above, it is proposed to grant the Incentive Options to Graham Riley, Alexander Forcke, and Andrew Padman notwithstanding the guidelines contained in Box 8.2 of the ASX Corporate Governance *Council's Corporate Governance Principles and recommendations* which states that non-executive directors should not receive options.

The number of Incentive Options to be granted to each of the Participating Directors has been determined based upon a consideration of:

- (a) the remuneration of the Directors;
- (b) the Directors' wish to ensure that the remuneration offered is competitive with market standards. The Directors have considered the proposed number of Incentive Options to be granted will ensure that the Participating Directors' overall remuneration is in line

- with the market standards; and
- (c) incentives to attract and ensure continuity of service of Directors who have appropriate knowledge and expertise.

In the event the Incentive Options are exercised, the following amounts will need to be paid to the Company by the Participating Directors, based on an exercise price of 6 cents for the Tranche 1 Options and 8 cents for the Tranche 2 Options.

| Director         | Amount to be paid  |
|------------------|--------------------|
| Graham Riley     | \$ 210,000         |
| Trent Spry       | \$ 420,000         |
| Alexander Forcke | \$ 210,000         |
| Andrew Padman    | \$ 210,000         |
| <b>Total</b>     | <b>\$1,050,000</b> |

The actual amount the Company will receive from the Participating Directors on exercise of the Incentive Options will depend on the actual exercise price of the Incentive Options to be determined based on the formulae set out above.

### ***Current Holdings***

Set out below are details of each of the Participating Directors' relevant interest in the securities of the Company as at the date of this Notice:

| Director         | Number of Shares        |
|------------------|-------------------------|
| Graham Riley     | 14,174,919 <sup>1</sup> |
| Trent Spry       | 2,400,000 <sup>2</sup>  |
| Alexander Forcke | 10,000,000 <sup>3</sup> |
| Andrew Padman    | 1,560,000 <sup>4</sup>  |
| <b>Total</b>     | <b>28,134,919</b>       |

### **Notes**

- Graham Riley has a relevant interest in these Shares which are held by the Riley Super Fund A/C. He is a trustee and beneficiary of the Riley Super Fund A/C. He has the power to control the disposal of the securities registered in the name of the Riley Super Fund A/C.
- Trent Spry has a relevant interest in these Shares which are held by The Spry Superannuation Fund. Trent Benjamin Spry is a trustee and beneficiary of The Spry Superannuation Fund. He has the power to control the disposal of the securities registered in the name of The Spry Superannuation Fund.
- Alexander Forcke has a relevant interest in these Shares which are held directly and by AF Consulting Pty Ltd ATF AF Investments Superannuation Fund. Alexander Forcke is a Director of AF Consulting Pty Ltd and a beneficiary of the AF Investments Superannuation Fund. He has the power to control the disposal of the securities registered in the name of the AF Investments Superannuation Fund.
- Andrew Padman has a relevant interest in these Shares which are held by the Padman Superannuation Fund. He is a trustee and beneficiary of the Padman Superannuation Fund A/C. He has the power to control the disposal of the securities registered in the name of the Padman Superannuation Fund.

### ***Dilution effect of grant of Options on existing members' interests***

If passed, Resolutions 3 – 6 will have the effect of giving power to the Directors to grant a total of 15,000,000 Incentive Options on the terms and conditions as set out in Annexure A to this Explanatory Memorandum and as otherwise mentioned above.

The Company currently has 510,657,387 listed Shares and the following unlisted Options on issue:

| Number    | Exercise Price | Expiry Date      |
|-----------|----------------|------------------|
| 2,750,000 | 6 cents        | 31 December 2017 |
| 2,750,000 | 8 cents        | 31 December 2017 |
| 1,000,000 | 6 cents        | 30 June 2016     |
| 1,000,000 | 8 cents        | 30 June 2016     |

If all Incentive Options granted as proposed above are exercised, and assuming all existing Options on issue have been exercised, the effect would be to dilute the shareholding of existing shareholders by 4.22%. The market price of the Company's Shares during the period of the Incentive Options will normally determine whether or not the Participating Directors exercise the Incentive Options. At the time any Incentive Options are exercised and Shares are issued pursuant to the exercise of the Incentive Options, the Company's Shares may be trading at a price which is higher than the exercise price of the Incentive Options.

The Incentive Options will not be quoted on ASX.

### **Participating Directors' total remuneration package**

The Participating Directors' fees per annum (including superannuation) and the total financial benefit to be received by them in this current period as a result of the grant of the Incentive Options the subject of Resolutions 3 – 6 are as follows:

| Director         | Fees p.a. (\$)       | Value of Incentive Options (\$) | Total Financial Benefit (\$) |
|------------------|----------------------|---------------------------------|------------------------------|
| Graham Riley     | 56,000               | 15,363                          | 71,363                       |
| Trent Spry       | 234,000 <sup>1</sup> | 30,726                          | 264,726                      |
| Alexander Forcke | 35,000               | 15,363                          | 50,363                       |
| Andrew Padman    | 35,000               | 15,363                          | 50,363                       |

**Note:**

1. This is the base fee for Managing Director, Trent Spry. Additional fees may be payable if time is incurred in excess of the retainer amount of 3 days per week.

### **Valuation of Incentive Options**

The Company's advisers have valued the Options proposed to be granted to the Participating Directors using the Black Scholes Option Pricing Model ("**BSModel**"), which is the most widely used and recognised model for pricing options. The acceptance of this model is due to its derivation being grounded in economic theory. The value of an option calculated by the BSModel is a function of a number of variables and is rounded to the nearest one hundredth of a cent. The valuation of the Options has been prepared using the following assumptions:

| Variable                | Input  |
|-------------------------|--|
| Share price             | 1.8 cents  |
| Exercise price          | 6.0 cents for Tranche 1 Incentive Options<br>8.0 cents for Tranche 2 Incentive Options |
| Risk Free Interest Rate | 1.87%  |
| Volatility              | 95%  |
| Time (years to expiry)  | 3 years  |

The valuation date is as at 14 September 2015, although the Incentive Options will not be granted until after Shareholders approve the grant of the Incentive Options at the Meeting.

The valuations reflected below do not necessarily represent the market value of the Incentive Options or the tax values for taxation purposes to each of the Participating Directors. The future value of the Incentive Options may be up or down on the values noted below as it will primarily depend on the future share price of a Share (for the next 3 years), and the time to expiry of the Incentive Options.

Based on the above assumptions, the Company's advisers have calculated an indicative value of one:

- (a) Tranche 1 Incentive Option to be granted to the Participating Directors to be 0.6259 cents (based on a volatility assumption of 95% to calculate the value of the Tranche 1 Incentive Options); and
- (b) Tranche 2 Incentive Option to be granted to the Participating Directors to be 0.5243 cents (based on a volatility assumption of 95% to calculate the value of the Tranche 2 Incentive Options).

Accordingly, the total value of the 15,000,000 Options to be granted to the Participating Directors is \$86,265.

Set out below is the indicative valuation of a Tranche 1 Incentive Option and Tranche 2 Incentive Option proposed to be granted to the Participating Directors using volatility factors of 85%, 95% and 105%:

|                            | <b>85% Volatility</b> | <b>95% Volatility</b> | <b>105% Volatility</b> |
|----------------------------|-----------------------|-----------------------|------------------------|
| Tranche 1 Incentive Option | 0.5017 cents          | 0.6259 cents          | 0.7477 cents           |
| Tranche 2 Incentive Option | 0.4013 cents          | 0.5243 cents          | 0.6485 cents           |

Any change in the variables applied in the Black & Scholes calculation between the date of the valuation and the date the Incentive Options are granted would have an impact on their value.

### ***Company's historical share price***

The following table gives details of the highest, lowest and latest closing prices of the Company's Shares trading on ASX over the past 12 months ending on 11 September 2015 (being the last trading day prior to the date of this Notice):

| <b>Highest Price (cents) / Date</b>  | <b>Lowest Price (cents) / Date</b>        | <b>Latest Price (cents) / Date</b> |
|--|---|------------------------------------|
| \$0.047 on 29 August 2014, 1 September 2014, 2 September 2014 and 6 October 2014 | \$0.017 on 23 April 2015 ad 24 April 2015 | \$0.018 on 11 September 2015       |

### ***Other Information***

Under the Australian Equivalent of IFRS, the Company is required to expense the value of the Incentive Options in its statement of financial performance for the current financial year. Other than as disclosed in this Explanatory Memorandum, the Directors do not consider that from an economic and commercial point of view, there are any costs or detriments including

opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Incentive Options pursuant to Resolutions 3 - 6.

Neither the Directors nor the Company are aware of other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by the proposed Resolutions.

### ***Directors' recommendation***

All the Directors were available to make a recommendation. For the reasons noted above:

Mr Trent Spry declines to make a recommendation about Resolution 3 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed grant of Incentive Options to him individually (or his nominee(s)). Messrs Riley, Forcke and Padman also decline to make a recommendation about Resolution 3. ASIC Regulatory Guide 76: Related Party Transactions notes at paragraph 76.103 that it is good practice for directors to avoid making a recommendation for resolutions about each other's remuneration as there may be a conflict of interest. Whilst Messrs Riley, Forcke and Padman do not have a material personal interest in the outcome of Resolution 3, given it is proposed that they also be issued with Incentive Options under Resolutions 4, 5 and 6 respectively, they have declined to make a recommendation about Resolution 3 in line with the ASIC guidance.

Mr Graham Riley declines to make a recommendation about Resolution 4 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed grant of Incentive Options to him individually (or his nominee(s)). Messrs Spry, Forcke and Padman also decline to make a recommendation about Resolution 4. Whilst Messrs Spry, Forcke and Padman do not have a material personal interest in the outcome of Resolution 4, given it is proposed that they also be issued with Incentive Options under Resolutions 3, 5 and 6 respectively, they have declined to make a recommendation about Resolution 4 in line with the ASIC guidance outlined above.

Mr Alexander Forcke declines to make a recommendation about Resolution 5 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed grant of Options to him individually (or his nominee(s)). Messrs Spry, Riley and Padman also decline to make a recommendation about Resolution 5. Whilst Messrs Spry, Riley and Padman do not have a material personal interest in the outcome of Resolution 5, given it is proposed that they also be issued with Options under Resolutions 3, 4 and 6 respectively, they have declined to make a recommendation about Resolution 5 in line with the ASIC guidance outlined above.

Mr Andrew Padman declines to make a recommendation about Resolution 6 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed grant of Options to him individually (or his nominee(s)). Messrs Spry, Riley and Forcke also decline to make a recommendation about Resolution 6. Whilst Messrs Spry, Riley and Forcke do not have a material personal interest in the outcome of Resolution 6, given it is proposed that they also be issued with Options under Resolutions 3, 4 and 5 respectively, they have declined to make a recommendation about Resolution 6 in line with the ASIC guidance outlined above.

### **Listing Rule 10.11**

Listing Rule 10.11 requires shareholder approval by ordinary resolution to any issue by a listed company of securities to a related party. Accordingly, Listing Rule 10.11 requires Shareholders to approve the grant of Incentive Options to the Participating Directors.

The following information in relation to the Incentive Options to be granted pursuant to Resolutions 3 – 6 is provided to Shareholders for the purposes of Listing Rule 10.13:

- (a) the Incentive Options will be issued to Messrs Graham Riley, Trent Spry, Alexander Forcke and Andrew Padman, or their nominee(s), as noted above;
- (b) the maximum number of Incentive Options to be granted is 15,000,000 (the table below sets out the number of Incentive Options to be granted to each of the Directors or his nominee(s));

| <b>Participating Director</b> | <b>Number of Incentive Options</b> |
|-------------------------------|------------------------------------|
| Graham Riley                  | 3,000,000                          |
| Trent Spry                    | 6,000,000                          |
| Alexander Forcke              | 3,000,000                          |
| Andrew Padman                 | 3,000,000                          |
| <b>Total</b>                  | <b>15,000,000</b>                  |

- (c) the Incentive Options will be issued on one date which will be no later than 1 month after the date of this Meeting or on such other date as approved by ASX;
- (d) the Incentive Options will be granted for no consideration. The Incentive Options expire 3 years from the date of issue and the exercise price of the Incentive Options will be announced by the Company to ASX on the day before the Annual General Meeting;
- (e) no funds will be raised by the grant of the Incentive Options; and
- (f) the terms and conditions of the Incentive Options are set out in Annexure A to this Explanatory Memorandum.

### **Voting**

Note that a voting exclusion applies to Resolutions 3 to 6 in the terms set out in the Notice. In particular, the Directors and other Restricted Voters may not vote on these Resolutions and may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise your proxy even if the Resolutions are connected directly or indirectly with the remuneration of a member of the Key Management Personnel. The Chair will use any such proxies to vote in favour of the Resolutions.

Shareholders are urged to carefully read the proxy form and provide a direction to the proxy on how to vote on these Resolutions.

If approval is given for the grant of the Incentive Options under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

## GLOSSARY

**"30 Day VWAP"** means the volume weighted average market price of Shares traded on ASX for the 30 trading days up to and including the day prior to the Meeting (with any fractions of a cent rounded up to the nearest whole cent).

**"Accounting Standards"** has the meaning given to that term in the Corporations Act.

**"AGM"** means annual general meeting;

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

**"Annual Report"** means the annual report of the Company for the period ended 30 June 2015;

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

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

**"Closely Related Party"** has the meaning given to that term in the Corporations Act;

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

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

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

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

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

**"Incentive Option"** means an option to acquire a share on the terms and conditions set out in Annexure A;

**"Key Management Personnel"** has the meaning given to that term in the Accounting Standards;

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

**"Notice"** means the Notice of Annual General Meeting which accompanies the Explanatory Memorandum;

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

**"Restricted Voter"** means the Key Management Personnel and their Closely Related Parties;

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

**"Shareholders"** means a registered holder of Shares;

**"VWAP"** means volume weighted average price;

**"WST"** means Australian Western Standard Time.

## ANNEXURE "A"

### TERMS AND CONDITIONS OF THE OPTIONS

1. The Options shall be issued in two tranches, 50% of the Options shall form Tranche 1 ("**Tranche 1**") and 50% shall form Tranche 2 ("**Tranche 2**").
2. The Options shall expire three years after they have been granted ("**Expiry Date**").
3. The Options shall vest as follows:
  - (a) 50% of Tranche 1 Options shall vest immediately;
  - (b) 50% of Tranche 1 Options shall vest 1 year from the date of grant of the Options;
  - (c) 50% of Tranche 2 Options shall vest immediately;
  - (d) 50% of Tranche 2 shall vest 1 year from the date of grant of the Options;("Vesting Date").
4. Options may be exercised at any time on or after 9.00 am WST on the Vesting Date and on or before 5.00pm WST on the Expiry Date.
5. The Options may be exercised in whole or in part.
6. The exercise price of each Option is as follows:
  - (a) Tranche 1 – an amount equal to the greater of 6 cents and 150% of the 30 day VWAP of Shares traded on ASX for the 30 trading days up to and including the day prior to 22 October 2015 (with any fractions of a cent rounded up to the nearest whole cent); and
  - (b) Tranche 2 – an amount equal to the greater of 8 cents and 200% of the 30 day VWAP of Shares traded on ASX for the 30 trading days up to and including the day prior to 22 October 2015 (with any fractions of a cent rounded up to the nearest whole cent),("Exercise Price").
7. The Options may be transferred to a related party of that Initial Option Holder at any time in whole or in part.
8. A notice under 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 this 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.
9. 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.

10. 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.
11. The Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Options.
12. In the case of any entitlements issue (other than a bonus issue) the Exercise Price of the Option may be reduced according to the following formula:

$$O' = \frac{O - E[P - (S + D)]}{N + 1}$$

O' = the new Exercise Price of the Option.

O = the old Exercise Price of the Option.

E = the number of underlying securities into which one Option is exercisable.

P = the average market price per Share (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price for a security under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue).

N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

In the case of a bonus issue the number of Shares over which the Option is exercisable may be increased by the number of Shares which the Option holder would have received if the Option had been exercised before the record date for the bonus issue. The Company shall notify the ASX of the adjustments in accordance with the Listing Rules.

13. The number of Shares to be issued pursuant to the exercise of Options will be adjusted for bonus issues made prior to exercise of Options. The effect will be that upon exercise of the Options the number of Shares received by the Option holder will include the number of bonus Shares that would have been issued if the Options had been exercised prior to the books closing date for bonus issues. The Exercise Price of the Options shall not change as result of any such bonus issue.
14. The Company shall notify the Option holder and the ASX within one month after the books closing date for a pro-rata bonus or cash issue, of the adjustment to the number of Shares over which the Option exists and/or the adjustment to the Exercise Price.
15. Subject to these terms and conditions, each Option shall confer the right to take up one fully paid ordinary Share in the Company.

16. If an Initial Option Holder's appointment with the Company or any of its subsidiaries ceases or is terminated by the Company or any of its subsidiaries for any reason, other than for Redundancy, the Options held by that Initial Option Holder (or its permitted nominee or transferee) may be exercised by that Initial Option Holder (or its permitted nominee or transferee) (or its legal personal representative(s)) within 30 days of the cessation or termination of that Initial Option Holder's employment with the Company or any of its subsidiaries provided that:
- (a) the Options have not lapsed under condition 2; and
  - (b) the Options are entitled to be exercised pursuant to condition 3.

If the Option is not exercised within the 30 day period provided in this condition, it will lapse.

17. In the circumstances referred to in condition 16, 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.

18. Notwithstanding any other terms and conditions, all Options may be exercised:

- (a) in the event a takeover bid (as defined in the Corporations Act) to acquire any Shares becomes or is declared to be unconditional, irrespective of whether the takeover bid extends to Shares issued and allotted after the date of the takeover bid or not;
- (b) at any time after a Change in Control Event has occurred; or
- (c) if a merger by way of scheme of arrangement under the Corporations Act has been approved by the Court under section 411(4)(b) of the Corporations Act 2001.

19. 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.

20. 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;

"**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**" means a shareholder, or a group of associated shareholders:

- (a) becoming entitled to sufficient Shares in the Company to give it or them the ability, in general meeting, to replace all or a majority of the Board; or

(b) gaining the ability to control more than 50% of the Voting Power in the Company;

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

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

"**Initial Option Holder**" means each of Graham Riley, Trent Spry, Alexander Forcke and Andrew Padman;

"**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 an Initial Option Holder or their nominee or permitted transferee (as applicable);

"**Redundancy**" means a determination by the Board that the Company's need to employ an Initial 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 an Initial Option Holder for personal or disciplinary reasons or where an Initial Option Holder leaves the employ of the Company of his own accord);

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

"**Voting Power**" has the meaning ascribed to that term in the Corporations Act;

"**VWAP**" means volume weighted average price; and

"**WST**" means Western Australian Standard Time.

**Lodge your vote:**

 **Online:**  
www.investorvote.com.au

 **By Mail:**  
Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

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

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

**For all enquiries call:**  
(within Australia) 1300 272 621  
(outside Australia) +61 3 9938 4438



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

**Proxy Form**

**XX**



**Vote and view the annual report online**

- Go to [www.investorvote.com.au](http://www.investorvote.com.au) or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.



**Your access information that you will need to vote:**

**Control Number: 999999**

**SRN/HIN: I9999999999 PIN: 99999**

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

 **For your vote to be effective it must be received by 10:00am (WST) Tuesday, 20 October 2015**

**How to Vote on Items of Business**

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

**Appointment of Proxy**

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

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

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

**A proxy need not be a securityholder of the Company.**

**Signing Instructions for Postal Forms**

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

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

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

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

**Attending the Meeting**

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

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

**GO ONLINE TO VOTE,  
or turn over to complete the form** →

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

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



I 9999999999

I ND

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

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

the Chairman of the Meeting OR

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Entek Energy Limited to be held at 338 Hay Street, Subiaco, Western Australia on Thursday, 22 October 2015 at 10:00am (WST) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 and 3-6 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 3-6 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1 and 3-6 by marking the appropriate box in step 2 below.

## STEP 2 Items of Business

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

|   | For                      | Against                  | Abstain                  |
|---|--------------------------|--------------------------|--------------------------|
| Resolution 1 Adopt Remuneration Report  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 Re-election of Graham Riley as a Director                          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3 Issue of Incentive Options to Trent Spry (or his nominee(s))       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4 Issue of Incentive Options to Graham Riley (or his nominee(s))     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 5 Issue of Incentive Options to Alexander Forcke (or his nominee(s)) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 6 Issue of Incentive Options to Andrew Padman (or his nominee(s))    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

/ /

ETE

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