



Consolidated Financial Report for the Half-Year  
to 31 December 2014

- DIRECTORS:** Graham Douglas Riley (Chairman)  
Trent Benjamin Spry (Managing Director)  
Andrew John Padman  
Alexander Forcke
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- Wells Fargo Bank, NA**  
1740 Broadway  
Denver, Colorado 80274, USA
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## DIRECTORS' REPORT

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The directors of Entek Energy Limited A.C.N. 108 403 425 ("Parent Entity" or "Company") present their report including the consolidated financial report of the Company and its controlled entities ("Consolidated Entity or Group") for the half-year ended 31 December 2014 ("Period"). The Company is a listed public company limited by shares, incorporated and domiciled in Australia.

### DIRECTORS

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

Graham Douglas Riley  
Trent Benjamin Spry  
Andrew John Padman  
Alexander Forcke

### OPERATING RESULTS

The operating profit for the Consolidated Entity, after income tax amounted to \$3,804,293 (31 December 2013, loss of \$808,864). The change in the operating loss was principally due to the following:

- An unrealised foreign currency gain of \$9,597,483 was recorded compared to a gain of \$2,162,141 in the previous reporting period due to the further decline of the Australian dollar against the US dollar.
- The recognition of an impairment of capitalised exploration and evaluation assets \$4,313,637 (\$nil recognised in the prior period).

### REVIEW OF OPERATIONS

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

- Working Interest in approximately 165,000 gross acres (approximately 66,500 net acres) of leasehold in the Green River Basin (GRB) onshore USA in Colorado and Wyoming States. Two Blocks in the shallow waters of the Outer Continental Shelf of the Gulf of Mexico (OCS GoM)
  - Two gas-producing wells; one in each of the GA A133 and PN 975 blocks of the Outer Continental Shelf of the Gulf of Mexico (OCS GoM)
- Royalty interests in the VR 341/342 development in the Gulf of Mexico.

### Production & Revenue

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

The Galveston A133 Block (GA A133) well produced 342 MMSCF of gas and a minor quantity of condensate net to Entek, for revenue of AU\$1,062,565 for the period. This revenue includes estimates of receipts for the December 2014, since the actual earnings have not yet been received from the operator. The Company holds a 38% Working Interest in the GA-A133 well. The well has recently been shut in to run production logs in order to determine its remaining reserves potential.

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## DIRECTORS' REPORT

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The Padre North 975 Block (PN 975-A11) well produced a minor quantity of gas and condensate net to Entek, for revenue of AU\$684 for the period. The PN-975 A-11 well is currently shut in awaiting platform maintenance. Based on this maintenance a decision can be made by the operator to complete the A-11 well in a shallower gas bearing zone, having depleted the previous producing zones. The Company holds a 25% Working Interest in the PN 975-A11 well.

Royalties from the Vermilion 341/342 development totalled AU\$89,644 for the six months to 31 December 2014. Royalty revenue has been lower than expected during the reporting period due to continuing 'bottle necks' on the production facility as well as reduced oil prices. The operator is finalizing work related to the 'bottle necks' and production is expected to increase from the VR341/342 oil development in the future.

In the Green River Basin the Company derives revenue from wells in the Slater Dome area. During the period, a minor quantity of oil was produced, generating gross revenue of AU\$17,331.

### **Gulf of Mexico (GoM)**

In February 2014, Entek relinquished the Galveston blocks GA 212 and GA 213 in the Gulf of Mexico due to the higher risk gas prospectivity of the blocks.

### **Green River Basin (GRB)**

Entek has continued to lease infill and bolt on acreage. The Company's Niobrara lease position now totals about 66,500 net acres across some 165,000 gross acres.

Interpretation of the 3D seismic data has highlighted numerous targets across the acreage including potentially significant shallow oil and gas closures, and deep closures with multiple potential hydrocarbon zones that have yielded economic flows in the region, including the Niobrara. Within the prospective Niobrara section specifically there are numerous targets where significant natural fracturing appears to be evident.

Three applications for permits to drill were submitted for the upcoming drilling program. Approvals have been granted by the Wyoming Oil and Gas Conservation Commission (WOGCC) for two of the three upcoming wells in which Entek is free carried by GRMR (Operator). Approval for the third well is expected in March 2015.

One of these three wells will be the first horizontal well ever drilled on any part of Entek's substantial Niobrara lease position. Another of the wells will be a vertical well to test a clearly defined structural closure with multiple conventional reservoir targets as well as the Niobrara.

The Company continued its legal action to gain access to the highly prospective Focus Ranch Unit 12-1 well. As anticipated by the Company, the opposing landholder (Stull) in Stull Ranches, LLC v. Entek GRB, LLC has recently filed a *Petition for a Writ of Certiorari* with the US Supreme Court. This is in effect a request that the Supreme Court review and reconsider the August 2014 unanimous decision by the Court of Appeals Tenth Circuit (*as discussed in detail in the Company Announcement dated 18<sup>th</sup> August 2014*) upholding Entek's right of access.

Unrelated and unaffected by the Stull's submission to the Supreme Court the Company continues to work on a number of environmental and administrative requirements and logistics plans with the relevant regulatory authorities for access.

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

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## DIRECTORS' REPORT

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### Company Funding

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

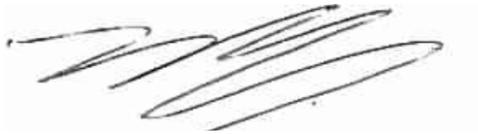
### EVENTS SINCE THE END OF THE FINANCIAL YEAR

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

### AUDITORS INDEPENDENCE DECLARATION

In accordance with the Corporations Act 2001 section 307C, the auditors of the Company, Stantons International have provided a signed auditors independence declaration to the directors in relation to the half-year ended 31 December 2014. 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 and Chief Executive Officer,

5 March 2015  
Perth, Western Australia

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## DIRECTORS' DECLARATION

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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 2014 and its performance for the half-year ended on that date; and
- b) In their opinion there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

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



Trent Spry  
Director and Chief Executive Officer,

5 March 2015  
Perth, Western Australia

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Note	Half-Year to 31 December 2014 \$	Half-Year to 31 December 2013 \$
<b>CONTINUING OPERATIONS</b>			
Revenue	2	1,172,449	1,628,648
Unrealised foreign currency gains		9,597,483	2,162,141
Provision for impairment of exploration and evaluation expenses		(4,313,637)	-
Other expenses	2	(2,652,002)	(4,599,653)
<b>Profit/(Loss) from continuing operations before income tax</b>		3,804,293	(808,864)
Income tax		-	-
<b>Profit/(Loss) from continuing operations after income tax</b>		3,804,293	(808,864)
<b>Other comprehensive income</b>			
<b>Items which are subsequently reclassified to profit or loss</b>			
Foreign currency translation differences		(6,027,050)	(1,095,087)
<b>Other comprehensive (Loss) for the period, net of income tax</b>		(2,222,757)	(1,095,087)
<b>Total comprehensive (Loss) for the period</b>		(2,222,757)	(1,903,951)
Comprehensive (loss) attributable to:			
Members of the parent entity:		(2,222,757)	(1,903,951)
<b>Basic (loss) per share (cents per share)</b>		0.74	(0.16)
<b>Diluted (loss) per share (cents per share)</b>		0.74	(0.16)

As the exercise price of the potential ordinary shares (options) on issue is less than the average market price of ordinary shares during the period (i.e, they are "not in the money"), they are not considered dilutive.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2014

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	Note	31 December 2014 \$	30 June 2014 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		8,220,479	8,427,769
Trade and other receivables		450,778	1,053,313
Other Assets		268,970	56,470
<b>Total Current Assets</b>		8,940,227	9,537,552
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables		222,143	199,815
Plant and Equipment		90,316	113,135
Capitalised exploration expenditure		14,279,004	14,812,062
Production Plant and Equipment		3,127,028	3,663,486
<b>Total Non-Current Assets</b>		17,718,491	18,788,498
<b>Total Assets</b>		26,658,718	28,326,050
<b>CURRENT LIABILITIES</b>			
Trade and other payables		766,641	418,606
Provisions		18,283	73,744
<b>Total Current Liabilities</b>		784,924	492,350
<b>NON-CURRENT LIABILITIES</b>			
Provisions		1,723,810	1,460,959
<b>Total Non -Current Liabilities</b>		1,723,810	1,460,959
<b>Total Liabilities</b>		2,508,734	1,953,309
<b>Net Assets</b>		24,149,984	26,372,741
<b>EQUITY</b>			
Issued capital	3	59,791,934	59,791,934
Reserves	4	(2,007,882)	4,019,168
Accumulated losses		(33,634,068)	(37,438,361)
<b>Total Equity</b>		24,149,984	26,372,741

The accompanying notes form part of this financial report

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CONDENSED NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

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	<b>Half-Year to 31 December 2014 \$</b>	<b>Half-Year to 31 December 2013 \$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	1,314,371	1,576,918
Payments to suppliers & employees	(1,163,618)	(1,033,129)
Interest received	2,205	8,164
<b>Net Cash provided by Operating Activities</b>	<b>152,958</b>	<b>551,953</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	-	(10,706)
Placement of Security Deposit	-	(55,473)
Refund of Bond	-	117,080
Purchase of Exploration Assets	(68,644)	(2,482,183)
Operating Exploration and Development expenditure	(1,552,604)	(3,680,491)
<b>Net Cash (used in) Investing Activities</b>	<b>(1,621,248)</b>	<b>(6,111,773)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from equity issues	-	-
<b>Net Cash provided by/(used in) Financing Activities</b>	<b>-</b>	<b>-</b>
<b>Net (Decrease) in Cash and cash equivalents</b>	<b>(1,468,290)</b>	<b>(5,559,820)</b>
Net foreign exchange differences	1,261,000	452,743
Cash and cash equivalents at beginning of period	8,427,769	15,091,003
<b>Cash and cash equivalents at end of Period</b>	<b>8,220,479</b>	<b>9,983,926</b>

The accompanying notes form part of this financial report

CONDENSED NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

<b><u>Attributable to Members of the Company</u></b>	<b>Issued Capital \$</b>	<b>Option Premium Reserve \$</b>	<b>Currency Translation Reserve \$</b>	<b>Accumulated Losses \$</b>	<b>Total Equity \$</b>
At 1 July 2013	59,791,934	5,516,712	(2,186,813)	(30,281,626)	32,840,207
(Loss) for period	-	-	-	(808,864)	(808,864)
<b>Other comprehensive income</b>					
Currency translation differences	-	-	(1,095,087)	-	(1,095,087)
<b>Total comprehensive result for the period</b>	-	-	(1,095,087)	(808,864)	(1,903,951)
Share based payment	-	20,725	-	-	20,725
<b>At 31 December 2013</b>	<b>59,791,934</b>	<b>5,537,437</b>	<b>(3,281,900)</b>	<b>(31,090,490)</b>	<b>30,956,981</b>

<b><u>Attributable to Members of the Company</u></b>	<b>Issued Capital \$</b>	<b>Option Premium Reserve \$</b>	<b>Currency Translation Reserve \$</b>	<b>Accumulated Losses \$</b>	<b>Total Equity \$</b>
At 1 July 2014	59,791,934	5,541,353	(1,522,185)	(37,438,361)	26,372,741
Profit for period	-	-	-	3,804,293	3,804,293
<b>Other comprehensive income</b>					
Currency translation differences	-	-	(6,027,050)	-	(6,027,050)
<b>Total comprehensive result for the period</b>	-	-	(6,027,050)	3,804,293	(2,222,757)
Share based payment	-	-	-	-	-
<b>At 31 December 2014</b>	<b>59,791,934</b>	<b>5,541,353</b>	<b>(7,549,235)</b>	<b>(33,634,068)</b>	<b>24,149,984</b>

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CONDENSED NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

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**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 2014. 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 2014 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

**a. Basis of Preparation**

These general purpose interim financial statements for the half-year reporting period ended 31 December 2014 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Entek Energy Limited and its controlled entities (referred to as the "Consolidated Group" or "Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2014, together with any public announcements made during the following half-year. These interim financial statements were authorised for issue on 5 March 2015.

**b. Accounting Policies**

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements. The Group has considered the implications of new and amended Accounting Standards but determined that their application to the financial statements is either not relevant or not material.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	<b>Half-Year to 31 December 2014 \$</b>	<b>Half-Year to 31 December 2013 \$</b>
<b>NOTE 2. REVENUE, INCOME AND EXPENSES</b>		
<i>The loss before income tax expense includes the following revenues and expenses where disclosure is relevant in explaining the performance of the Company:</i>		
<b>Revenue</b>		
Oil and gas sales / royalty revenues	1,170,244	1,576,808
Interest received	2,205	8,164
Rental Income	-	43,676
	1,172,449	1,628,648
<b>Charging as Expenses</b>		
Directors, employees and consultants	371,470	474,108
Oil and gas operation and exploration expenses	1,453,375	2,297,624
Amortisation of capitalised expenditure	63,980	905,453
Depreciation of production plant & equipment	429,743	328,581
Write down of assets	50,507	-
Cost of share based payment	-	20,725
Other	282,927	573,162
	2,652,002	4,599,653
	<b>Half-Year to 31 December 2014 \$</b>	<b>Year to 30 June 2014 \$</b>
<b>NOTE 3. ISSUED CAPITAL</b>		
<b>Ordinary Shares</b>		
510,657,387 (30 June 2014: 510,657,387) fully paid ordinary shares	59,791,934	59,791,934
	59,791,934	59,791,934
<i>Movements in ordinary shares:</i>		
At the beginning of the period	59,791,934	59,791,934
Movement	-	-
<b>At the end of the financial period</b>	<b>59,791,934</b>	<b>59,791,934</b>

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CONDENSED NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

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	<b>Half-Year to 31 December 2014 \$</b>	<b>Year to 30 June 2014 \$</b>
<b>NOTE 4. RESERVES</b>		
Option premium reserve	5,541,353	5,541,353
Currency translation reserve	(7,549,235)	(1,522,185)
	(2,007,882)	4,019,168
 <i>Movements in option premium reserve:</i>		
At the beginning of the period	5,541,353	5,516,712
Share based payments expense	-	24,641
	5,541,353	5,541,353
 <i>Movements in currency translation reserve:</i>		
At the beginning of the period	(1,522,185)	(2,186,813)
Movement for the half-year	(6,027,050)	664,628
	(7,549,235)	(1,522,185)

**NOTE 5. RECONCILIATION OF CASH AND CASH EQUIVALENTS**

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

CONDENSED NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

**NOTE 6. SEGMENT INFORMATION**

**Primary Reporting Business Segments**

During the half-years ended 31 December 2014 and 31 December 2013, the Consolidated Entity operated entirely in the oil and gas industry. The consolidated entity operates in two geographical segments, Australasia and North America.

**Secondary Reporting Geographical Segments**

	<b>Total Revenue \$</b>	<b>Segment Profit/(Loss) \$</b>
Half-Year to 31 December 2014:		
Australasia	1,835,547	9,024,861
North America	1,170,244	(5,220,566)
	<u>3,005,791</u>	<u>3,804,295</u>
Elimination on consolidation	(1,833,342)	-
<b>Total</b>	<u><u>1,172,449</u></u>	<u><u>3,804,295</u></u>
Half-Year to 31 December 2013:		
Australasia	1,927,701	997,508
North America	1,576,808	(1,806,372)
	<u>3,504,509</u>	<u>(808,864)</u>
Elimination on consolidation	(1,875,861)	-
<b>Total</b>	<u><u>1,628,648</u></u>	<u><u>(808,864)</u></u>
	<b>Segment Assets \$</b>	<b>Segment Liabilities \$</b>
Half-Year to 31 December 2014:		
Australasia	365,184	78,907
North America	26,293,536	2,429,827
<b>Total</b>	<u><u>26,658,720</u></u>	<u><u>2,508,734</u></u>
Half-Year to 30 June 2014:		
Australasia	526,975	138,075
North America	27,799,075	1,815,234
<b>Total</b>	<u><u>28,326,050</u></u>	<u><u>1,953,309</u></u>

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.

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CONDENSED NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

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**NOTE 7. CONTINGENT LIABILITIES**

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

**NOTE 8. EVENTS SINCE THE END OF THE FINANCIAL YEAR**

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

**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 2014, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity, and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Entek Energy Limited (the consolidated entity). The consolidated entity comprises both Entek Energy Limited (the Company) and the entities it controlled during the half year.

*Directors' Responsibility for the Half-Year Financial Report*

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

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 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 5 March 2015.

*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 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

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

*Stantons International Audit & Consulting Pty Ltd*



**Martin Michalik**  
**Director**

West Perth, Western Australia  
5 March 2015

5 March 2015

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

Dear Directors

**RE: ENTEK ENERGY LIMITED**

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

As the Audit Director for the review of the financial statements of Entek Energy Limited for the half year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

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



**Martin Michalik**  
Director