

QUARTERLY ACTIVITIES REPORT

During the quarter ending 31 December 2016 Entek Energy Limited commenced a capital raising process which comprises a placement (completed) and a rights issue. In conjunction with this process the Company also undertook a share sale facility of unmarketable parcels (completed) and will undertake a 4 for 1 consolidation of capital (underway).

These corporate actions are designed to provide Entek with a solid financial and corporate structure as it progresses forward with its strategy to rationalise its US based Niobrara assets and seek new project opportunities.

This process is discussed in more detail in the Corporate section of this report.

Green River Basin Lease Interests

As anticipated, the Operator of the Battle Mountain AMI, GRMR Oil & Gas LLC (GRMR), did not proceed with drilling any of the proposed new wells during the 2016 drilling season. This was largely the result of regulatory reasons. Going forward, it is understood that GRMR is considering to sell or farm down its interests in this area which provides an opportunity for Entek to market its Niobrara interests in conjunction with GRMR.

The combined lease holdings of both GRMR and Entek make an attractive package of in excess of 140,000 gross acres which are largely contiguous and with a significant proportion subject to modern 3D seismic acquired in 2013.

Entek's interests and operatorship of both the Focus Ranch Unit and the Slater Dome gas export pipeline are considered strategic and geologically prospective assets. Such assets could be expected to be attractive to a purchaser seeking to acquire a large footprint of leases with ready to drill Niobrara as well as other conventional oil and gas prospects.

At Focus Ranch, the ongoing attempts by local surface owners (Ranchers) to restrict Entek's access and exploration programme received a further setback when the Ranchers' latest appeal to the Tenth Circuit Court of Appeals was summarily dismissed. Entek has been awarded costs for the previous unsuccessful appeals and is seeking further significant cost and attorney fee reimbursements for this latest failed appeal.

Activities planned for 2017 by Entek include the plugging and abandonment of its remaining Slater Dome CBM wells and its shut-in Niobrara wells at an estimated cost of approximately US\$0.6 million. Once operations are complete and approved, Entek will file to recover the subsurface bond funds which had been lodged as security over this project.

ENTEK AT A GLANCE

Entek is US focussed with a substantial acreage position in the Niobrara Oil Resource Play, including an area of enhanced potential due to embedded Igneous Intrusive Sills.

DIRECTORS

Kim Parsons
Executive Director/CEO
Graham Riley
Chairman
Alexander Forcke
Non-Executive Director
Howard Dawson
Non-Executive Director

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Entek's Niobrara lease holdings and respective working interests as at the end of the December 2016 quarter are summarised in the table below. No farm-outs or acquisitions took place during the quarter in relation to these assets.

| <i>Leases</i> | <i>State/County</i> | <i>Operator</i> | <i>Gross Acres</i> | <i>WI %</i> | <i>Net Acres to Entek</i> |
|----------------------------|----------------------|-----------------|--------------------|-------------|---------------------------|
| Battle Mountain AMI | WY/Carbon & CO/Routt | GRMR | 98,118 | Up to 20% | 17,299 |
| Focus Ranch Area incl. FRU | CO/Routt | Entek | 41,282 | 99%+ | 35,009 |
| Other Areas | WY/Carbon & CO/Routt | Entek | 4,674 | 100% | 963 |
| Total | | | 144,074 | | 53,271 |

NEW EXPLORATION INITIATIVES

Entek is continuing to review exploration projects across the United States and other geographic regions which have the potential to create future value for shareholders.

This process is being run in parallel with the Company's efforts to rationalise the Niobrara assets.

CORPORATE

Cash Position

As shown in the attached Appendix 5B, the 31 December 2016 cash balance held by Entek was A\$2.6 million. The significant cash outflows during the quarter included final costs for the 2016 well abandonment program, Focus Ranch litigation costs, and other lease operating expenses.

2016 AGM

The Company's 2016 Annual General Meeting was held on 30 November 2016. All resolutions put to shareholders were passed. A presentation on the Company's assets and forward strategy was provided by Entek's CEO, Ms Kim Parsons and is available on the Company's website.

Funding/Share Consolidation

During the quarter the Company completed a placement of new shares to a range of sophisticated and professional investors raising \$319,000 before costs (Placement). A total of 63,800,000 shares at \$0.005 each together with an attaching free option for every five shares subscribed were issued. The free attaching options have an exercise price of \$0.01 per share and are exercisable up to and including 31 December 2017.

The Placement was the first of a four step process to be undertaken by Entek to restructure its capital base and raise additional working capital.

The second step provided an offer to all Entek shareholders with unmarketable parcels to sell their shares into a facility set up for that process without incurring applicable transaction fees. A total of

1,746 Shareholders took advantage of this opportunity with 28.6 million shares subsequently sold on market in early January 2017 at an average share price of \$0.0063. The sale of these shares significantly reduced the number of shareholders on Entek's register which in turn will reduce the Company's future share registry related administration costs.

The third step comprising a four (4) for one (1) capital consolidation is subject to shareholder approval to be sought at a general meeting scheduled for 8 February 2017. The Notice of Meeting was dispatched in early January and shareholders are encouraged to vote in favour of the resolutions to be put at that meeting.

Immediately upon approval and completion of the proposed share consolidation, Entek intends to undertake a 1:1 non-renounceable rights issue to be priced at \$0.02 per share. This price reflects the proposed share consolidation and it is expected that the rights issue documentation be sent to shareholders on or around 20 February 2017.

Upon the successful conclusion of this four step process Entek will have approximately 287 million shares on issue and additional funds in excess of \$3 million to bolster Entek's cash reserves to around \$5 million. This will put Entek in a much stronger position to pursue and successfully acquire new project opportunities as well as to progress its existing onshore Niobrara assets.

Top 20 Shareholders

The Top 20 Shareholders of the Company as at 24 January, 2017 are set out below:

| Rank | Name | Units | % of Units |
|--|---|--------------------|--------------|
| 1. | UBS NOMINEES PTY LTD | 24,980,398 | 4.35 |
| 2. | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 23,549,602 | 4.10 |
| 3. | MININGNUT PTY LTD | 23,000,000 | 4.00 |
| 4. | TOPSPEED PTY LTD <SKINNER NO 1 SUPER A/C > | 18,145,545 | 3.16 |
| 5. | GDR PTY LTD <THE RILEY SUPER FUND A/C > | 14,174,919 | 2.47 |
| 6. | MR JAMES DAVID TAYLOR | 13,095,933 | 2.28 |
| 7. | PHEAKES PTY LTD <SENATE A/C > | 10,000,000 | 1.74 |
| 8. | QUINTERO GROUP LIMITED | 10,000,000 | 1.74 |
| 9. | MR DAVID JAMES WALL <THE RESERVE A/C > | 10,000,000 | 1.74 |
| 10. | MR JAMES DAVID TAYLOR + MRS MARION AMY TAYLOR <ITS MANAGEMENT S/F A/C > | 8,452,494 | 1.47 |
| 11. | MRS JINGJING CHEN | 8,060,000 | 1.40 |
| 12. | WILLOWDALE HOLDINGS PTY LTD | 7,500,000 | 1.22 |
| 13. | IAN SANDOVER & ASSOCIATES PTY LTD <SANDOVER SUPER A/C > | 7,000,000 | 1.22 |
| 14. | MR KIERAN JAMES MANN | 6,834,896 | 1.19 |
| 15. | STRUVEN NOMINEES PTY LTD <ALAN STRUNIN STAFF S/F A/C > | 6,125,000 | 1.07 |
| 16. | A F CONSULTING PTY LTD <AF INVESTMENTS S/FUND A/C > | 6,000,000 | 1.04 |
| 17. | OFF THE PLANET INVESTMENTS PTY LTD <THE GRIERSON FT A/C > | 6,000,000 | 1.04 |
| 18. | SMART INVESTMENTS LIMITED | 5,500,000 | 0.96 |
| 19. | MR KENNETH JOHN BULL | 5,000,000 | 0.87 |
| 20. | MR PETER BARRETT CAPP <CAPP FAMILY A/C > | 5,000,000 | 0.87 |
| Totals: Top 20 holders of ORDINARY SHARES | | 218,418,787 | 38.02 |

For further information contact:

KIM PARSONS (CEO) or GRAHAM RILEY (Chairman)

Competent Persons Statement:

Information in this report that relates to Hydrocarbon Reserves / Resources is based on information compiled by Ms Kim Parsons, CEO of Entek Energy Limited who has consented to the inclusion of that information in the form and context in which it appears. Ms. Parsons is highly qualified and has over 30 years' experience in geoscience in the international petroleum industry.