



Consolidated Financial Report for the Half-Year
to 31 December 2017



Entek Energy Limited
Corporate Directory

DIRECTORS: Mark Adrian McAuliffe (Chairman)
Anthony Michael Walsh
Nerida Lee Schmidt

COMPANY SECRETARY: Nerida Lee Schmidt

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109 St George Terrace
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DIRECTORS' REPORT

The directors of Entek Energy Limited A.C.N. 108 403 425 ("Parent Entity" or "Company") present their report including the consolidated financial report of the Company and its controlled entities ("Consolidated Entity or Group") for the half-year ended 31 December 2017 ("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:

Mark Adrian McAuliffe (appointed 26 July 2017)
Anthony Michael Walsh (appointed 26 July 2017)
Nerida Lee Schmidt (appointed 7 March 2018)
Clare Campbell Pope (appointed 26 July 2017, resigned 7 March 2018)
Peter Andrew Stern (appointed 26 July 2017, resigned 24 November 2017)
Howard Graham Dawson (resigned 1 September 2017)
Graham Douglas Riley (resigned 1 September 2017)
Kimberly Saar Parsons (resigned 1 September 2017)

OPERATING RESULTS

The operating loss for the Consolidated Entity, after income tax amounted to \$251,120 (31 December 2016, loss of \$1,385,745). The reduction in operating loss reflects the cost saving initiated by the incoming new Board in all areas to conserve cashflow to pursue new oil and gas opportunities.

REVIEW OF OPERATIONS

Corporate

During the half year ended 31 December 2017 membership of the Board of Entek Energy Ltd ("Entek") saw some changes. A Section 249D notice was served upon members of the former Board on 5 July 2017. The notice was subsequently determined to be invalid. Notwithstanding the invalidity of the notice, the former Board determined that a change in its composition was desirable. On 26 July 2017 Mark McAuliffe, Clare Pope, Tony Walsh and Peter Stern were appointed to the Board. On 1 September 2017 members of the former Board, being Howard Dawson, Graham Riley and Kim Parsons resigned. On 19 October 2017 Mark McAuliffe was appointed Executive Chairman. Peter Stern subsequently resigned from the Board on 24 November 2017.

Post-the reporting period, Clare Pope has resigned as a Director effective 7 March 2018. Nerida Schmidt, the Company Secretary, has been appointed to the Board to fill the vacancy. Nerida Schmidt continues in her existing role as Company Secretary.

The Board expresses its gratitude to the significant contribution made to the Company by its former officers during their term as Directors.

US Operations

Rationalisation of US assets have proceeded during the half year.

Entek concluded the disposal of minor infrastructure assets to the land owners within the Slater Dome Field. In return for transfer of the assets, which carried no value in the books of the Company, the purchasers released Entek from all responsibility for liabilities to the land owners.

Energy Investments Inc. exercised their option over the remaining assets located at Focus Ranch. In return for the assignment of Entek's interest in Focus Ranch, Energy Investments Inc. has borne all

DIRECTORS' REPORT

expenses of Entek subsidiary, Entek GRB LLC since early 2017 and has assumed and indemnified Entek for all liabilities in respect of the Focus Ranch assets going forward. Settlement was finalised post-the reporting period, on 1 January 2018, at which time Entek GRB LLC also resigned as unit operator.

At reporting date, Entek continue to be engaged in discussions with GRMR Oil & Gas, LLC about Entek's interest in the Battle Mountain assets and in respect of the ongoing dispute between the parties concerning JIB contributions. Post-the reporting period the parties have continued discussions. The Board is optimistic a final resolution of the dispute and the future of its Battle Mountain interests will be concluded in the near term.

The Company has reviewed a number of new US based projects. Several reviews were the subject of detailed technical due diligence analysis. At reporting date, the Company continues to review US based opportunities.

New Opportunities

The half year has been a period of intense review of opportunities to refocus the Company's asset base. This has entailed reviews of multiple opportunities, both in the Company's traditional oil and gas sector and potential acquisitions outside the sector. A number of projects remain under detailed review. At this time the Board's preference is to secure assets in the conventional oil and gas sector.

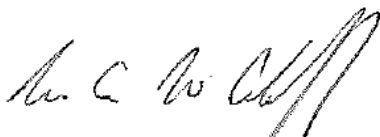
Improvement in oil and gas pricing are optimistic. Projects that have in recent years appeared uneconomic now potentially may add value. New opportunities are emerging with increasing frequency. The Board remains committed to reviewing fresh opportunities with a view to returning shareholder value following a protracted and difficult period.

As noted in the December quarterly, whilst several projects were identified as having the potential to enhance shareholder value, the potential was limited and did not justify committing the Company's cash reserves at this time. The Board anticipates better opportunities will emerge in the near term and have greater potential to enhance shareholder value. Until these opportunities are identified, and secured, the Board will continue its current policy of strict containment of corporate expenditure to preserve cash in anticipation of a future acquisition.

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 2017. 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.



Mark McAuliffe
Executive Chairman

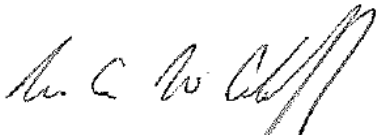
16 March 2018
Perth, Western Australia

DIRECTORS' DECLARATION

The directors of Entek Energy Limited A.C.N. 108 403 425 ("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 2017 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:



Mark McAuliffe
Executive Chairman

16 March 2018
Perth, Western Australia

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Note	Half-Year to 31 December 2017 \$	Half-Year to 31 December 2016 \$
CONTINUING OPERATIONS			
Revenue	2	36,217	747
Unrealised foreign currency (loss) / gains		(33,007)	36,951
Other expenses	2	(305,696)	(161,935)
Loss from continuing operations before income tax		(302,486)	(124,237)
Income tax		-	-
Loss from continuing operations after income tax		(302,486)	(124,237)
Profit / (loss) from discontinued operations	7	51,366	(1,261,508)
Loss after income tax		(251,120)	(1,385,745)
Other comprehensive income			
Items which are subsequently reclassified to profit or loss			
Foreign currency translation differences	4	3,263	(130,483)
Other comprehensive loss for the period, net of income tax		(247,857)	(1,516,228)
Total comprehensive loss for the period		(247,857)	(1,516,228)
Comprehensive loss attributable to:			
Members of the parent entity:		(247,857)	(1,516,228)
Basic and diluted loss from continuing operations per share (cents per share)		(0.10)	(0.02)
Basic and diluted earnings / (loss) from discontinuing operations per share (cents per share)		0.02	(0.24)
Basic and diluted loss per share (cents per share)		(0.08)	(0.26)

The accompanying notes form part of this financial report

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	31 December 2017 \$	30 June 2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	4,590,167	4,928,948
Trade and other receivables		144,295	285,424
Total Current Assets		4,734,462	5,214,372
NON-CURRENT ASSETS			
Plant and Equipment		3,030	5,368
Total Non-Current Assets		3,030	5,368
Total Assets		4,737,492	5,219,740
CURRENT LIABILITIES			
Trade and other payables		248,279	474,101
Provisions		-	17,757
Total Current Liabilities		248,279	491,858
Total Liabilities		248,279	491,858
Net Assets		4,489,213	4,727,882
EQUITY			
Issued capital	3	63,039,578	63,039,578
Reserves	4	10,369,823	10,357,372
Accumulated losses		(68,920,188)	(68,669,068)
Total Equity		4,489,213	4,727,882

The accompanying notes form part of this financial report

**CONDENSED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

	Half-Year to 31 December 2017 \$	Half-Year to 31 December 2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers & employees	(461,697)	(286,010)
Interest received	38,606	747
Net Cash (used in) by Operating Activities	(423,091)	(285,263)
CASH FLOWS FROM INVESTING ACTIVITIES		
Operating Exploration and Development expenditure	-	(1,145,153)
Proceeds from the sale of pipeline inventory	112,731	31,000
Net Cash from / (used in) Investing Activities	112,731	(1,114,153)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from equity issues	-	319,000
Payments related to equity issues	-	(21,985)
Net Cash provided by Financing Activities	-	297,015
Net (Decrease) in Cash and cash equivalents	(310,360)	(1,102,401)
Net foreign exchange differences	(28,421)	36,951
Cash and cash equivalents at beginning of period	4,928,948	3,686,537
Cash and cash equivalents at end of Period	4,590,167	2,621,087

The accompanying notes form part of this financial report

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

<u>Attributable to Members of the Company</u>	Issued Capital \$	Option Premium Reserve \$	Currency Translation Reserve \$	Accumulated Losses \$	Total Equity \$
At 1 July 2016	59,791,934	5,574,951	4,743,948	(67,478,330)	2,632,503
Loss for period	-	-	-	(1,385,745)	(1,385,745)
Other comprehensive loss					
Currency translation differences	-	-	(130,483)	-	(130,483)
Total comprehensive result for the period	-	-	(130,483)	(1,385,745)	(1,516,228)
Issue of share capital	319,000	-	-	-	319,000
Cost of issue of share capital	(21,985)	-	-	-	(21,985)
At 31 December 2016	60,088,949	5,574,951	4,613,465	(68,864,075)	1,413,290

<u>Attributable to Members of the Company</u>	Issued Capital \$	Option Premium Reserve \$	Currency Translation Reserve \$	Accumulated Losses \$	Total Equity \$
At 1 July 2017	63,039,578	5,697,522	4,659,850	(68,669,068)	4,727,882
Loss for period	-	-	-	(251,120)	(251,120)
Other comprehensive loss					
Currency translation differences	-	-	3,263	-	3,263
Total comprehensive result for the period	-	-	3,263	(251,120)	(247,857)
Share based payment	-	9,188	-	-	9,188
At 31 December 2017	63,039,578	5,706,710	4,663,113	(68,920,188)	4,489,213

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

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 2017. 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 2017 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 2017 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 2017, together with any public announcements made during the following half-year. These interim financial statements were authorised for issue on 16 March 2018.

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.

c. **Going Concern**

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The ability of the Consolidated Entity to continue as a going concern is dependent upon the rationalisation of assets through the outright sale or farm-down of offshore and onshore assets or future capital raising and the outcome of the new bonding requirements referred to in the subsequent event note. The directors believe that at the date of signing the financial report they have reasonable grounds to believe the group will have sufficient funds to meet its obligations as and when they fall due.

Should the Company not successfully achieve a sale or farm-down of assets, or a capital raising, or is required to contribute to the new bonding requirements, there will be a material uncertainty that casts significant doubt on the Company's ability to continue as a going concern and therefore realise its assets and discharge its liabilities in the normal course of business.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Half-Year to 31 December 2017 \$	Half-Year to 31 December 2016 \$
NOTE 2. REVENUE, INCOME AND EXPENSES		
<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>		
Revenue		
Interest received	36,217	747
	36,217	747
	36,217	747
Charging as Expenses		
Directors, employees and consultants	180,452	141,350
Depreciation of production plant & equipment	1,015	4,314
Cost of share based payment	9,188	-
Other	115,041	16,271
	305,696	161,935
	305,696	161,935
	Half-Year to 31 December 2017 \$	Year to 30 June 2017 \$
NOTE 3. ISSUED CAPITAL		
Ordinary Shares		
304,728,934 (30 June 2017: 304,728,934) fully paid ordinary shares	63,039,578	63,039,578
	63,039,578	63,039,578
	63,039,578	63,039,578
<i>Movements in ordinary shares:</i>		
At the beginning of the period	63,039,578	59,791,934
Movement	-	3,247,644
	63,039,578	63,039,578
At the end of the financial period	63,039,578	63,039,578

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Half-Year to 31 December 2017 \$	Year to 30 June 2017 \$
NOTE 4. RESERVES		
Option premium reserve	5,706,710	5,697,522
Currency translation reserve	4,663,113	4,659,850
	10,369,823	10,357,372
<i>Movements in option premium reserve:</i>		
At the beginning of the period	5,697,522	5,574,951
Share based payments expense	9,188	-
Share issue cost	-	122,571
At the end of the financial period	5,706,710	5,697,522
<i>Movements in currency translation reserve:</i>		
At the beginning of the period	4,659,850	4,743,948
Movement for the half-year	3,263	(84,098)
At the end of the financial period	4,663,113	4,659,850

	Half-Year to 31 December 2017 \$	Year to 30 June 2017 \$
NOTE 5. RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash	4,590,167	4,928,948
	4,590,167	4,928,948

As per the policy of the Company for cash flow purposes, cash and cash equivalents are made up of all cash on hand and cash at bank.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 6. SEGMENT INFORMATION

Primary Reporting Business Segments

During the half-years ended 31 December 2017 and 31 December 2016, 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

	Total Revenue	Segment Profit/(Loss)
	\$	\$
Half-Year to 31 December 2017:		
Australasia	36,217	(302,486)
North America	2,389	51,366
Total	38,606	(251,120)
Half-Year to 31 December 2016:		
Australasia	747	(129,651)
North America	-	(1,256,094)
Total	747	(1,385,745)
	Segment Assets	Segment Liabilities
	\$	\$
Half-Year to 31 December 2017:		
Australasia	4,680,600	28,930
North America	56,892	219,349
Total	4,737,492	248,279
Half-Year to 30 June 2017:		
Australasia	5,028,754	83,788
North America	190,986	408,070
Total	5,219,740	491,858

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.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 7. DISCONTINUED OPERATIONS

During the half year ending 31 December 2017, the Company's US subsidiary (Entek GRB LLC) and operations were separately disclosed as discontinued operations in the Statement of Profit and Loss and Comprehensive Income. The comparative half year figures were restated to include this change. Entek GRB LLC's assets and liabilities have been disclosed at fair value as at 31 December 2017, with the Company's exploration and evaluation expenditure being fully written down to nil in the prior year which is the management's assessment of the fair value. The Company is not aware of any obligations or liabilities other than those disclosed in note 8 of the accounts.

Please refer to the audited financials for the year ended 30 June 2017 for more details.

NOTE 8. CONTINGENT LIABILITIES

At 30 June 2017, the Company had written down the rehabilitation provision as well as the corresponding environmental security bond in place to nil. This write down is on the basis that the Company believes it has discharged its rehabilitation obligations through the existing environmental security bond. The Company has no further contingent liabilities but has agreed that if and when a sale of the US assets is complete, then proceeds from the sale will be initially directed towards any additional obligation. In the event there is no sale transaction, no additional payments are required.

Apart from the above, there has been no significant change in contingent liabilities as at 31 December 2017.

NOTE 9. EVENTS SINCE THE END OF THE FINANCIAL YEAR

Clare Pope resigned as a Director of the Company effective 7 March 2018 and the 3 million unlisted options approved at the shareholders annual general meeting of 28 November 2017 and issued to her nominee on that date lapse as a result of having not achieved the vesting requirements prior to her resignation. Company Secretary, Nerida Schmidt was appointed as a Non-Executive Director on 7 March 2018.

Other than the matter noted above, no other 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 2017, 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 2017 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

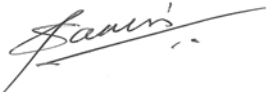
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Entek Energy Limited on 16 March 2018.

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 2017 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 and Consulting Pty Ltd


Samir Tirodkar
Director

West Perth, Western Australia
16 March 2018

16 March 2018

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 2017, 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)



Samir Tirodkar
Director