

**ENTEK ENERGY LIMITED  
ACN 108 403 425**

**NOTICE OF GENERAL MEETING**

**The General Meeting of the Company will be held at the Stantons' Boardroom, Level 2, 1 Walker Avenue, Western Australia on Wednesday, 3<sup>rd</sup> April 2019 at 11.00am (WST).**

*The Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.*

*Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on + 61 8 9381 4975*

Shareholders are urged to attend or vote by lodging the proxy form enclosed with this Notice

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# ENTEK ENERGY LIMITED

ACN 108 403 425

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## NOTICE OF GENERAL MEETING

Notice is hereby given that the general meeting of Shareholders of Entek Energy Limited (**Company**) will be held at Stantons' Boardroom, Level 2, 1 Walker Avenue, West Perth, Western Australia on Wednesday, 3<sup>rd</sup> April 2019 at 11.00am (WST) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of the Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations* 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders of the Company on Monday, 1<sup>st</sup> April 2019 at 4.00pm (WST).

Terms and abbreviations used in the Notice are defined in Definitions.

## AGENDA

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### 1. Resolution 1 - Approval to change in nature and scale of activities

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*"That, subject to each of the other Interconditional Resolutions being passed and pursuant to and in accordance with Listing Rule 11.1.2 and for all other purposes, Shareholders approve the significant change in the nature and scale of the Company's activities resulting from the Acquisition, on the terms and conditions set out in the Explanatory Memorandum."*

#### Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who might obtain a benefit (except a benefit solely in the capacity of a holder of Shares) if the Resolution is passed, or any associates of those persons.

However, the Company will not disregard a vote if:

- (a) 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
- (b) it is cast by the Chair 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.

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## 2. Resolution 2 - Approval to issue Convertible Preference Shares

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*"That, subject to each of the other Interconditional Resolutions being passed and pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 200,000,000 Convertible Preference Shares to Elixir (or its nominees) on the terms and conditions set out in the Explanatory Memorandum.*

### Voting Exclusion

The Company will disregard any votes cast in favour of these Resolutions by or on behalf of Elixir (and its nominees), a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of the Shares (except a benefit solely by reason of being a holder of ordinary securities in the Company), or any associates of those persons.

The Company will not disregard a vote if:

- (a) 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
- (b) it is cast by the Chair 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.

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## 3. Resolution 3 - Power to Issue of Convertible Preference Shares - Section 254A(2)

To consider and, if thought fit, pass, with or without amendment, the following Resolution as a special resolution of the Company:

*"That, for the purposes of section 254A(2) of the Corporations Act and for any and all relevant purposes, and subject to each of the other Interconditional Resolutions being passed, the Company be authorised to issue preference shares in the Company, as the Convertible Preference Shares, on the terms and conditions as summarised in the Explanatory Memorandum."*

BY ORDER OF THE BOARD



Nerida Schmidt  
Company Secretary  
Entek Energy Limited

Dated: 28 February 2019

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# ENTEK ENERGY LIMITED

ACN 108 403 425

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## EXPLANATORY MEMORANDUM

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### 1. Introduction

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at Stantons' Boardroom, Level 2, 1 Walker Avenue, West Perth, Western Australia on Wednesday, 3<sup>rd</sup> April 2019 at 11.00am (WST).

The Explanatory Memorandum forms part of the Notice which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

The Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2	Action to be taken by Shareholders
Section 3	Conditional Resolutions
Section 4	Background to proposed Acquisition of Alaskan Leases
Section 5	Resolution 1 - Approval to change in nature and scale of activities
Section 6	Resolution 2 - Approval to issue Convertible Preference Shares
Section 7	Resolution 3 - Power to Issue of Convertible Preference Shares - Section 254A(2)
Schedule 1	Definitions
Schedule 2	Terms of the Convertible Preference Shares
Schedule 3	Pro-forma balance sheet

A Proxy Form is enclosed with this Explanatory Memorandum.

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## 2. Action to be taken by Shareholders

Shareholders should read the Notice including the Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

### 2.1 Voting in person

To vote in person, attend the Meeting on the date and at the place set out above.

### 2.2 Proxies

#### (a) Voting by proxy

A Proxy Form is enclosed with the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (i) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (ii) a proxy need not be a member of the Company; and
- (iii) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

#### (b) Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- (i) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);
- (ii) if the proxy has 2 or more appointments that specify different ways to vote on the resolution - the proxy must not vote on a show of hands;
- (iii) if the proxy is the chair of the meeting at which the resolution is voted on - the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- (iv) if the proxy is not the chair - the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

- (c) Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- (i) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members;
- (ii) the appointed proxy is not the chair of the meeting;
- (iii) at the meeting, a poll is duly demanded on the resolution; and
- (iv) either of the following applies:
  - (A) the proxy is not recorded as attending the meeting; or
  - (B) the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

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### 3. Conditional Resolutions

The Interconditional Resolutions are inter-conditional, meaning that each of them will only take effect if all of them are approved by the requisite majority of Shareholders' votes at the Meeting. If any one of the Interconditional Resolutions is not approved at the Meeting, none of the Interconditional Resolutions will take effect and the Acquisition and other matters contemplated by the Interconditional Resolutions will not be completed pursuant to this Notice.

For the avoidance of doubt, Resolutions 1 to 3 (inclusive) are referred to as the Interconditional Resolutions throughout this Notice.

The Directors of the Company have each signed a statement of voting intention, confirming that they will vote, or cause to be voted, any Shares they own, control or represent in favour of the Interconditional Resolutions.

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### 4. Background to proposed Acquisition of Alaskan Leases

#### 4.1 General background

On 29 November 2018, the Company entered into a binding term sheet with Elixir granting the Company an exclusive option to acquire, through the acquisition of Emerald House, a wholly owned subsidiary of Elixir, Elixir's Alaskan portfolio (then comprising the three Leases consisting of 35,423 acres) along a highly prospective trend on the Alaskan north slope (Option Agreement). The option was due for exercise on or before 31 January 2019.

As anticipated in the Option Agreement, Emerald House has subsequently acquired a 100% working interest in the Additional Leases, a further 114,167 acres on the Alaskan north slope.

On 1 February 2019, the Company announced it had exercised its option to acquire Emerald House.

A summary of the material terms and conditions of the Option Agreement is set out in section 4.4 (**Acquisition**).

This Notice of Meeting sets out the Resolutions necessary to complete the Acquisition.

Each of the Interconditional Resolutions are conditional upon the approval by Shareholders of each of the other Interconditional Resolutions. All of the Resolutions in this Notice of Meeting are Interconditional Resolutions. If any of the Interconditional Resolutions are not approved by Shareholders, all of the Interconditional Resolutions will fail and completion of the Acquisition (**Completion**) will not occur.

## **4.2 Existing activities of Entek Energy Limited**

The Company was admitted to the Official List of ASX on 13 August 2004. The Company's primary business is oil and gas exploration and development with a focus in the United States of America.

The Company previously was exploring the Niobrara Shale in Colorado and Wyoming along with some minor production from the Slater Dome field through its subsidiary Entek GRB. Entek GRB has progressively disposed of its assets and was dissolved in September 2018 (and filed a notice of dissolution in October 2018). In light of the dissolution of Entek GRB, the Company has advice that Entek GRB no longer has any assets or liabilities. The Company has written down the value of its previously held US assets to zero (as shown in its accounts).

In the event the Company does not successfully complete the Acquisition, there is a risk that ASX may determine that the Company does not have sufficient level of operations to warrant the continued quotation of its securities under Listing Rule 12.1. Such a determination may result in the ASX suspending the Company's securities from quotation.

## **4.3 About the Alaskan Leases and Additional Leases**

### **(a) Overview and history**

Elixir acquired the initial three Alaskan leases on 14 November 2018, consisting of 35,423 acres. The consideration paid by Elixir for the acquisition of the Alaskan Leases consist of:

- (i) reimbursement of the original vendor's expenditure costs which total US\$803,859;
- (ii) the assignment of a 5% overriding royalty interest on the Leases; and
- (iii) payment of lease bonds of US\$300,000 to the BLM.

On 12 December 2018, Elixir was the high bidder on a further 10 Additional Leases, comprising a further 114,167 acres. On 11 February 2019, Elixir received formal lease documentation awarding the Additional Leases, subject to acceptance by Elixir and payment of the balance of the bid price. A deposit of US\$224,000, was paid on lodging the bids, with the balance of US\$896,000 due by 25 February 2019. To assist Elixir meet its obligations with the BLM, the Company provided a loan in the amount of USD\$500,000, on terms set out in Section 4.5.

## (b) Leases and Tenure

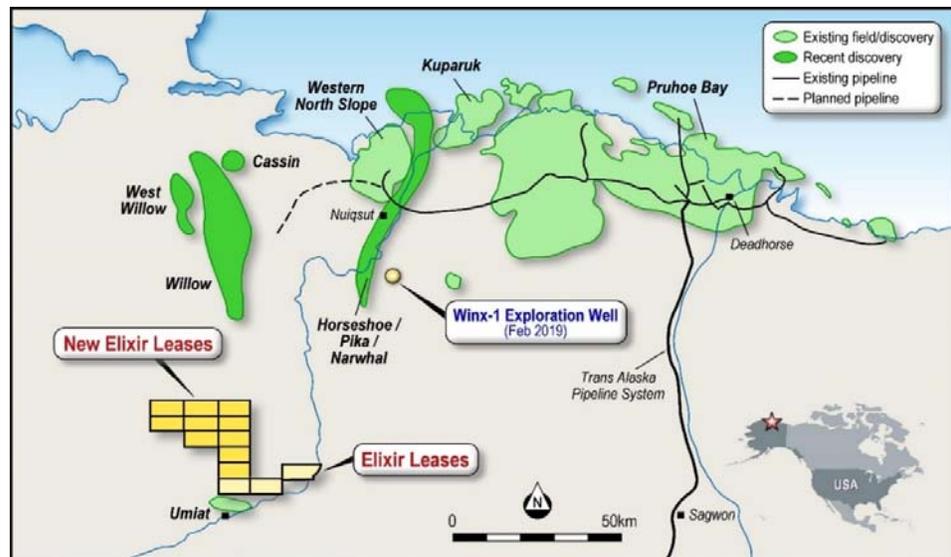
Leases	Serial Number	Acres	Tenure
<b>Alaskan Leases</b>			
Tract # 2013-L-015	AA-093747	11,497	1 March 2024
Tract # 2013-L-017	AA-093748	11,497	1 March 2024
Tract # 2013-L-026	AA-093749	12,429	1 March 2024
<b>SUBTOTAL</b>		<b>35,423</b>	
<b>Additional Leases</b>			
Tract # 2018-L-030	AKAA095392	11,478	Estimated to be 26 February 2029
Tract # 2018-L-031	AKAA095393	11,456	Estimated to be 26 February 2029
Tract # 2018-L-044	AKAA095394	11,430	Estimated to be 26 February 2029
Tract # 2018-L-045	AKAA095395	11,408	Estimated to be 26 February 2029
Tract # 2018-L-046	AKAA095396	11,432	Estimated to be 26 February 2029
Tract # 2018-L-047	AKAA095397	11,410	Estimated to be 26 February 2029
Tract # 2018-L-049	AKAA095398	11,409	Estimated to be 26 February 2029
Tract # 2018-L-072	AKAA095400	11,377	Estimated to be 26 February 2029
Tract # 2018-L-074	AKAA095401	11,381	Estimated to be 26 February 2029
Tract # 2018-L-076	AKAA095402	11,386	Estimated to be 26 February 2029

SUBTOTAL		114,167	
TOTAL		149,590	

(c) Location and Infrastructure

The Leases are situated in the highly prospective Nanushuk oil play. To the north of the Leases, ConocoPhillips is appraising its Willow Field. To date, ConocoPhillips report discoveries estimated at up to 750 MMBOE (ConocoPhillips investor presentation dated 30 October 2018) with further appraisal wells to be drilled in early 2019. To the immediate south of the Leases, the Umiat Field holds an estimated 1,000 MMBbls OOIP (Linc Energy Presentation 28 February 2013). 2D seismic has been interpreted by the Company and Elixir as suggesting the Nanushuk and Torok formations, found in Willow Field, extend to the area the subject of the Emerald leases.

(d) Exploration Program



Following Completion of the Acquisition, the Company intends to commence a detailed geochemical analysis of the Leases to progress the Company's understanding of the maturity of source rocks underlying the leasehold areas. Existing 2D seismic suggests the existence of stratigraphic reservoirs similar to those observed in Willow Field. Willow Field is primarily a stratigraphic reservoir system, consisting of the shallower Nanushuk formation and the deeper Torok formation. Whilst the shallower Nanushuk formations have been identified as the location of existing discoveries, the deeper Torok formations are identified as having potential for further discoveries. Similar formations are observed and interpreted upon the existing seismic over the Emerald leases with current analyses suggesting that they are on trend from Willow Field.

(e) **Royalty**

The Alaskan Leases are subject to a 5% royalty interest payable to the original vendors. Further, the acquisition by Elixir created an area of mutual interest over approximately 430,000 acres, which includes the majority of the land over which the Additional Leases have been granted, and so the royalty will also apply to the majority of the Additional Leases but with a reducing rate of royalty (down to a base level of 1.5%) in accordance with a formula set out in the original sale agreement between Elixir and the original vendors.

The lessor of the Leases is the BLM, which is entitled to receive a 12.5% royalty from commencement of production on the Leases.

#### 4.4 **Option Agreement**

On 29 November 2018 the Company entered into the Option Agreement with Elixir and its wholly owned subsidiaries Emerald House and Elixir Colorado to acquire 100% of the shares in Emerald House, subject to the approval of the Interconditional Resolutions and Completion.

Subject to Elixir shareholder approval, 100% of the Convertible Preference Shares to be issued to Elixir, will be distributed on an in-specie basis to Elixir's shareholders (**In-specie Distribution**). Upon completion of the In-specie Distribution, the Convertible Preference Shares will automatically convert into Shares in the Company.

Elixir holds 100% of the issued share capital in Elixir Colorado, which in turn owns 100% of the issued share capital in Emerald House. Emerald House holds a 100% working interest in the Alaskan Leases and made successful bids for the Additional Leases.

On 30 November 2018, the Company paid the Option Fee to Elixir pursuant to the Option Agreement.

As announced on 1 February 2019, the Company exercised its option pursuant to the agreement on 31 January 2019.

(a) **Consideration**

Subject to the approval of the Interconditional Resolutions and Completion, the consideration payable by the Company for the Acquisition pursuant to the Option Agreement is comprised of the following:

- (i) issue of up to 200,000,000 Convertible Preference Shares at a deemed issue price of \$0.015 per Share, based on Elixir's expenditure in connection with the Alaskan Leases; and
- (ii) cash payment equal to the amounts paid prior to Completion by Emerald House to the US Bureau of Land Management with respect to the acquisition of the Additional Leases and the annual rents payable on the Alaskan Leases (**BLM Fees**).

(b) **Conditions precedent**

In addition to the approval of the Interconditional Resolutions, Completion of the Acquisition remains subject to the satisfaction of the following conditions precedent:

- (i) the Company having made an offer to Mr Dougal Ferguson of the position of Managing Director of the Company;
- (ii) Elixir obtaining shareholder approval for the In-specie Distribution; and
- (iii) the Company obtaining relevant ASX/Regulatory approvals.

#### 4.5 **Loan Agreement & General Security Deed**

As announced on 18 February 2019, to assist with the funding of the remaining bonus bid amounts payable by Emerald House to the BLM for the Additional Leases, the Company advanced USD\$500,000 to Emerald House (Loan). The Loan is secured by a first ranking general security deed over Elixir and all of its assets and undertakings (General Security Deed).

The Company's decision to grant the Loan was to ensure the maximum number of leases could be acquired by Elixir, which would form part of the assets of Emerald House to ultimately be acquired by the Company.

(a) **Completion occurs**

In the event Completion occurs, then the sum of US \$500,000 shall be applied towards the cash consideration component of the Acquisition, the Loan will become an intercompany loan between the Company and Emerald House, payable on demand, interest on the Loan will not be payable and the General Security Deed will terminate.

(b) **Completion does not occur**

In the event Completion does not occur, interest accrues on the Loan at a rate of 12% per annum, calculated daily from the draw down date. The Loan will mature and be repayable in cash upon the sooner of the following events:

- (i) 60 days from the date of this Meeting, in the event Shareholders do not approve the Interconditional Resolutions; or
- (ii) 30 days from Elixir's shareholder meeting, in the event that Elixir shareholders do not approve the In-specie Distribution.

In the event of default, the Company may choose to either convert the funds advanced under the Loan Agreement into a 17.5% working interest in the Leases or enforce its rights under the General Security Deed.

#### 4.6 Composition of the Board of Directors

It is proposed that, at Completion, the Board of Directors of the Company will comprise the following:

- (a) Mr Dougal Ferguson - Managing Director;
- (b) Mr Mark McAuliffe - Non-Executive Chairman;
- (c) Mr Peter Stickland - Non-Executive Director; and
- (d) Mr Tony Walsh - Non-Executive Director.

#### 4.7 Pro-forma corporate structure

At Completion, the Company's structure will be as follows:



## 4.8 Pro-forma capital structure

Proposed Capital Structure	Shares <sup>1</sup>	Shares (maximum) <sup>2</sup>	Options
Existing Securities on issue	304,728,934	304,728,934	26,000,000 <sup>3</sup>
Convertible Preference Shares (Resolution 2)	185,000,000 <sup>1</sup>	200,000,000 <sup>2</sup>	0
<b>TOTAL<sup>3</sup></b>	<b>489,728,934<sup>4</sup></b>	<b>504,728,934<sup>5</sup></b>	<b>26,000,000</b>

### Notes:

1. Based on calculations as at the date of this Notice, the Company estimates the number of Convertible Preference Shares to be issued at Completion to be approximately 185,000,000.
2. Under Resolution 2 and the Option Agreement, the maximum number of Convertible Preference Shares the Company may issue is 200,000,000.
3. Unlisted options exercisable:
  - a. at \$0.04 on or before 31 March 2020;
  - b. at 0.048 on or before 28 November 2020;
  - c. at \$0.072 on or before 28 November 2020;
  - d. at \$0.096 on or before 28 November 2020;
  - e. at \$0.048 on or before 4 December 2021;
  - f. at \$0.072 on or before 4 December 2021;
  - g. at \$0.096 on or before 4 December 2021;
4. Assuming no further Securities are issued and no Options are exercised and all of the 185,000,000 Convertible Preference Shares set out in the table convert in accordance with their terms.
5. Assuming no further Securities are issued and no Options are exercised and all of the 200,000,000 Convertible Preference Shares set out in the table convert in accordance with their terms.

#### 4.9 Proposed use of funds

As at 31 December 2018, the Company had cash and cash equivalents of \$3,904,000. The Company's proposed use of funds for the next 4 months is set out below. The active exploration season in Alaska is January to April with the balance of the year being analysis and planning.

Proposed Allocation of Funds	Amount (\$)
Option Fee (already paid)	\$50,000
Reimbursement of BLM Bid Fees and Annual Rents	\$1,825,000
Transaction Costs	\$75,000
Future Projects <sup>1</sup>	\$50,000
Exploration and Development of the Alaskan Leases & Additional Leases	\$105,000
Corporate costs	\$60,000
Working Capital <sup>2</sup>	\$90,000
<b>TOTAL</b>	<b>2,255,000</b>

**Notes:**

1. Money set aside for the evaluation and assessment of new opportunities in the oil and gas sector.
2. General working capital will be used by the Company to cover cost overruns in forecast expenditures in respect of either exploration or corporate costs (if any) but may be retained by the Company in the event such events do not occur within the next 24 months.

The above table is a statement of current intentions as at the date of this Notice. Shareholders should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments and market and general economic conditions. In light of this, the Board reserves the right to alter the way the funds are applied.

The use of further equity funding or Share placements will be considered by the Board where it is appropriate.

It is possible that future acquisitions that may be contemplated may exceed the current or projected financial resources of the Company and it is expected that these acquisitions would be funded by project finance and/or equity issues (subject to any required Shareholder approvals).

#### 4.10 ASX Waiver

The Company sought a waiver from listing rule 9.1.3 in respect of the Convertible Preference Shares to be issued to Elixir, which will be distributed on an in-specie basis to shareholders of Elixir, subject to Elixir shareholder approval. The ASX granted the Company a waiver to the extent necessary to permit the Company not to apply escrow restrictions to the Convertible Preference Shares issued to Elixir that will be distributed to Elixir's shareholders on the following conditions:

- (a) the Company obtains shareholder approval to issue to the Convertible Preference Shares;
- (b) the Convertible Preference Shares are issued to Elixir within the 12 months from the date of the waiver; and
- (c) that the Convertible Preference Shares distributed to any related parties of the Company or Elixir (and their associates) are classified as restricted securities and held in escrow for a period of 12 months from the date of issue.

#### 4.11 Substantial holders

As at the date of the Notice, no person holds greater than 5% of the Shares on issue. In the event the Completion occurs and the Elixir shareholders approve the In-specie distribution, no shareholder will hold greater than 5%.

As a result of the issue of the Convertible Preference Shares to Elixir, prior to the In-specie Distribution, Elixir will hold in excess of 20% of the Company's issued capital. Such an issue will not enliven the takeover provisions in the Corporations Act for the reasons set out below.

#### 4.12 Key risks

The risks and uncertainties described below are not intended to be exhaustive. There may be additional risks and uncertainties that the Company is unaware of or that the Company currently considers immaterial, which may affect the Company. Based on the information available, a non-exhaustive list of risk factors for the Company, associated with the proposed Acquisition is set out below.

##### (a) Dilution risk

At the date of the Meeting it is expected that Company will have 304,728,934 Shares on issue. On Completion, the Company proposes to issue Convertible Preference Shares as required to complete the Acquisition.

On issue of the Convertible Preference Shares pursuant to the Resolutions, the existing Shares will be equal to 62.2% of the issued capital of the Company.

There is also a risk that the interests of Shareholders will be further diluted as a result of future capital raisings required in order to fund the future development of the Company.

##### (b) Contractual and Completion risk

Pursuant to the Option Agreement the Company has agreed to acquire the Alaskan Leases and Additional Leases subject to the fulfilment of certain conditions precedent. If any of the conditions precedent are not satisfied or

waived, or any of the counterparties do not comply with their obligations (including Elixir obtaining shareholder approval in order to complete the Acquisition), completion of the Acquisition may be deferred or not occur. Failure to complete the Acquisition would mean the Company may not be able to meet the requirements of ASX for continued quotation of its Securities, and the Company's listed securities may be suspended from quotation until such time as the Company is able to comply with the ASX Listing Rules, and in particular, Listing Rule 12.1. In the event that the Company is suspended pursuant to Listing Rule 12.1, there is also a risk that ASX may determine that the Company must re-comply with chapters 1 and 2 of the Listing Rules prior to the Company's securities being reinstated to trading. In this event, the Company's securities may be suspended until such time as the Company is able to satisfy ASX that it satisfies chapters 1 and 2 of the Listing Rules, which may result in the Company's securities being suspended for an extended period of time or even removed from quotation.

**(c) Future capital requirements**

The Company has no operating revenue and is unlikely to generate any operating revenue unless and until the Alaskan Leases and Additional Leases are successfully developed and production commences. The future capital requirements of the Company will depend on many factors including its business development activities. The Company believes its available cash should be adequate to fund its business development activities, exploration program and other Company objectives in the short term as stated in this Notice.

In order to successfully develop the Alaskan Leases and Additional Leases and for production to commence, the Company will require further financing in the future, in addition to the amounts available at the date of the Notice. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the then market price or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.

No assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its activities and this could have a material adverse effect on the Company's activities including resulting in the Alaskan Leases and Additional Leases being subject to forfeiture, and could affect the Company's ability to continue as a going concern.

**(d) Exploration and recovery risk**

The business of hydrocarbon exploration and development involves a significant degree of risk, which even with a combination of experience, knowledge and careful evaluation may not be able to be overcome. High risk and substantial expense can be incurred without the requisite or expected degree of reward. The Company depends on factors that include successful exploration and the establishment of petroleum resources and reserves. There is no assurance that exploration expenditure will result in discoveries of oil or gas that can be commercially or economically exploited since exploration is inherently a speculative endeavour.

(e) **Ability to exploit successful discoveries**

It may not always be possible for the Company to participate in the exploitation of successful discoveries made in areas in which the Company has an interest. Such exploitation will involve the need to obtain the necessary licences or clearances from the relevant authorities, which may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. The infrastructure requirements around a successful discovery may also impact on the exploitation of a discovery. Further, the decision to proceed to further exploitation may require the participation of other companies whose interests and objectives may not be the same as those of the Company. As described above, such work may require the Company to meet or commit to financing obligations for which it may have not planned.

(f) **Operational risks**

The business of hydrocarbon exploration, project development and production, by its nature, contains elements of significant risk with no guarantee of success, particularly given the Alaskan Leases and Additional Leases are located in northern Alaska, which is remote, Arctic and is an environmentally sensitive area with minimal existing oil and gas infrastructure. Ultimate and continuous success of these activities is dependent on, among other things:

- (i) the discovery or acquisition of economically recoverable reserves;
- (ii) access to adequate capital for project development;
- (iii) design and construction of efficient development and production infrastructure within capital expenditure budgets;
- (iv) securing and maintaining title to hydrocarbon interests;
- (v) obtaining consents and approvals necessary for the conduct of hydrocarbon exploration, development and production;
- (vi) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants; and
- (vii) operational and technical factors that may be encountered in drilling and producing hydrocarbons.

Whether or not income will result from projects undergoing exploration and development programs depends on successful exploration and the establishment of production facilities. There is no assurance that any exploration on current or future interests will result in the discovery of an economic hydrocarbon project. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically developed.

(g) **Price of oil and gas currency volatility**

Company revenue will be derived through the sale of oil and gas which exposes the potential income of the Company to commodity price and exchange rate risks. The demand for, and price of oil and gas is highly dependent on a variety of factors, including international supply and

demand, the level of consumer product demand, actions taken by governments and major petroleum corporations, global economic and political developments and other factors all of which are beyond the control of the Company. International petroleum prices fluctuate and at times the fluctuations can be quite wide. A material decline in the price of oil and gas may have a material adverse effect on the economic viability of a project. Examples of such uncontrollable factors that can affect oil price are unrest and political instability in countries that have increased concern over supply. Oil is principally sold throughout the world in US dollars. As a result, any significant and/or sustained fluctuations in the exchange rate between the Australian dollar and the US dollar oil and gas prices could have a materially adverse effect on the Company's operations.

(h) **Compliance risk**

Oil and gas exploration permits are subject to periodic review and renewal. In particular, there is no guarantee that applications for future exploration permits or production permits will be approved. Government authorities' review, renewal and transfer conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the permits comprising the Company's projects. The imposition of new conditions or the inability to meet conditions may adversely affect the operations, financial positions and/or performance of the Company.

(i) **Country risk**

The Company holds assets located in the United States and may acquire assets in other foreign countries in the future. There are risks associated with exploration and mining activities and investments generally in foreign countries that may adversely affect the business, costs, expenditure and profitability of the Company. These risks include:

- (i) changes in foreign country government, government policies, regulatory regime, economic change, civil instability, attitudes towards foreigners or their businesses in their country;
- (ii) land access and environmental regulation may be adverse or beneficial; and
- (iii) the applicable legal regime including investment into, and repatriation of revenue out of, the foreign country.

(j) **Environmental risk**

The Company's activities are subject to the environmental risks inherent in the hydrocarbon industry. The Company is subject to environmental laws and regulations in connection with operations it may pursue in the hydrocarbon industry. The Company conducts its activities in an environmentally responsible manner and in accordance with all applicable laws. However, the Company may be the subject of accidents or unforeseen circumstances that could subject the Company to extensive liability. Further, the Company may require approval from the relevant authorities before it can undertake activities likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations that may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

(k) **Claims by indigenous inhabitants**

The oil and gas assets of the Company may be subject to land claims by indigenous people. Should this occur and be successful, the Company's ability to conduct exploration and/or development and production activities may be affected, which may have a material adverse effect on the Company's financial performance and the price at which its Shares trade. The legal nature of indigenous land claims is a matter of considerable complexity. The impact of any such claim on the Company's ownership interest in the properties leased or owned by the Company cannot be predicted with any degree of certainty and no assurance can be given that a broad recognition of indigenous rights in the area in which the properties leased or purchased by the Company are located, by way of a negotiated settlement or judicial pronouncement, would not have an adverse effect on the Company's activities. Even in the absence of such recognition, the Company may at some point be required to negotiate with indigenous people in order to facilitate exploration and development work on the properties leased or owned by the Company.

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## **5. Resolution 1 - Approval to change in nature and scale of activities**

### **5.1 General**

Resolution 1 seeks the approval of Shareholders for a change in the nature and scale of the Company's activities via the Acquisition.

A detailed description of the Acquisition is outlined in Section 4.4 above.

Resolution 1 is an Interconditional Resolution and is subject to Shareholders passing each of the Interconditional Resolutions.

Resolution 1 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 1. The Directors have each signed a voting intention statement confirming their intentions to vote in favour of Resolution 1.

### **5.2 ASX Listing Rule 11.1**

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable and comply with the following:

- (a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (b) if ASX requires, obtain the approval of holders of its shares and any requirements of ASX in relation to the notice of meeting; and
- (c) if ASX requires, meet the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the company were applying for admission to the official list of ASX.

ASX has advised that it requires the Company to obtain the approval of its Shareholders for the proposed change of activities pursuant to ASX Listing Rule

11.1.2, however, the Company is not required to re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules.

For this reason, the Company is seeking Shareholder approval for the Company to change the nature and scale of its activities under ASX Listing Rule 11.1.2.

Details of the assets to be acquired by the Company and the proposed changes to the structure and operations of the Company are provided throughout this Explanatory Memorandum.

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## **6. Resolution 2 - Approval to issue Convertible Preference Shares**

### **6.1 General**

Resolution 2 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of up to 200,000,000 Convertible Preference Shares to Elixir (or its nominees) as per the Acquisition.

A detailed description of the Acquisition is outlined in Section 4.4 above.

Resolution 2 is an Interconditional Resolution and is subject to Shareholders passing each of the Interconditional Resolutions.

Resolution 2 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 2. The Directors have each signed a voting intention statement confirming their intentions to vote in favour of Resolution 2.

### **6.2 Listing Rule 7.1**

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more Equity Securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 2 will be to allow the Company to issue the Convertible Preference Shares during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity under Listing Rule 7.1.

### **6.3 Specific information required by Listing Rule 7.3**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the proposed issue of the Convertible Preference Shares:

- (a) a maximum of 200,000,000 Shares are to be issued as Convertible Preference Shares;
- (b) the Convertible Preference Shares will be issued no later than 3 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules);
- (c) the Convertible Preference Shares will be issued for nil cash consideration as part consideration for the Acquisition;

- (d) the Convertible Preference Shares will be issued to Elixir (or its nominees), none of whom is a related party of the Company;
- (e) The Convertible Preference Shares will be issued on the terms set out in Terms of the Convertible Preference Shares. Upon conversion, the Convertible Preference Shares will rank pari passu with all other Shares, except the Shares arising from the conversion will not be entitled to any dividend or entitlement that has been declared but not paid as at the conversion date;
- (f) no funds will be raised from the Convertible Preference Shares as they will be issued for nil cash consideration;
- (g) it is intended that the issue of the Convertible Preference Shares will occur on the same date as Completion of the Acquisition; and
- (h) a voting exclusion statement is included in the Notice.

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## **7. Resolution 3 - Power to Issue of Convertible Preference Shares - Section 254A(2)**

### **7.1 General**

Resolution 3 seeks Shareholder approval pursuant to section 254A(2) of the Corporations Act, by a special resolution, for the issue of the Convertible Preference Shares on the terms and with the rights provided for as set out in Schedule 2.

Resolution 3 is an Interconditional Resolution and is subject to Shareholders passing each of the Interconditional Resolutions.

Resolution 3 is a special resolution.

The Board recommends that Shareholders vote in favour of Resolution 3. The Directors have each signed a voting intention statement confirming their intentions to vote in favour of Resolution 3.

## **7.2 Section 254A(2) of the Corporations Act**

Section 2.4 of the Constitution allows the Board to, subject to the Corporations Act, issue preference shares, and the Board may allot or otherwise dispose of these preference shares on the terms and conditions, and at the times, that the Board thinks fit.

Section 254A(2) of the Corporations Act specifies that a company can only issue preference shares if the rights attached to them are set out in the company's constitution or have otherwise been approved by special resolution of the company.

Accordingly, the Board is seeking shareholder approval for the purposes of section 254A(2) of the Corporations Act, by a special resolution, to issue the Convertible Preference Shares on the terms and with the rights provided for as set out in Schedule 2.

## **7.3 Rights to be attached to the Convertible Preference Shares**

The rights that are to be attached to the Convertible Preference Shares are set out in Schedule 2.

## **7.4 Consequences of Resolution 3 being passed**

In the event the Interconditional Resolutions are passed, the Company will lodge with ASIC a copy of Resolutions 2 and 3 in accordance with section 246F. The effect of doing so will be that if and when the Company subsequently issues the Convertible Preference Shares, as contemplated by and in accordance with the Option Agreement, the issue of those new preference shares of the Company will not constitute a variation of the rights of any other shareholders of the Company under section 246C(5) or 246C(6) of the Corporations Act on the basis that the rights attaching to the new Shares (the Convertible Preference Shares) will have been provided for in a notice, document or resolution that is lodged with ASIC.

## Schedule 1 Definitions

In the Notice, words importing the singular include the plural and vice versa.

**\$ or A\$** means Australian Dollars.

**Acquisition** has the meaning provided to it as set out in Section 4.1.

**Additional Leases** has the meaning provided to it at Section 4.3.

**Alaskan Leases** means the Leases and the Additional Leases.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means the ASX Limited (ABN 98 008 624 691) and where the context permits the Australian Securities Exchange operated by ASX Limited.

**BLM** means the Bureau of Land Management, a federal agency within the United States Department of the Interior.

**BLM Fees** has the meaning given in Section 4.4(a).

**Board** means the board of Directors of the Company.

**Business Day** means a weekday on which trading banks are open for business in Perth, Western Australia.

**Chair** means the person appointed to chair the Meeting of the Company convened by the Notice.

**Clause** means a clause of the Constitution.

**Company** means Entek Energy Limited (ACN 108 403 425).

**Completion** means completion of the Acquisition.

**Convertible Preference Share** means the convertible preference shares issued in the capital of the Company on the terms set out in Schedule 2.

**Constitution** means the constitution of the Company as at the date of the Meeting.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Director** means a director of the Company.

**Elixir** means Elixir Petroleum Limited (ACN 108 230 995).

**Elixir Colorado** means Elixir Petroleum (Colorado) Inc., a Delaware Corporation with a registered office of 1675 South State Street, Suite B, Dover, Delaware, c/o Elixir Petroleum Limited of 1202 Hay Street, West Perth, Western Australia.

**Emerald House** means Emerald House LLC, an entity incorporated in Alaska, entity (No. 10092881), which is currently a wholly owned subsidiary of Elixir Petroleum (Colorado) Inc., which is in turn a wholly owned subsidiary of Elixir.

**Equity Security** has the same meaning as in the Listing Rules.

**Explanatory Memorandum** means the explanatory memorandum which forms part of the Notice.

**General Security Deed** has the meaning given in Section 4.5.

**In-specie Distribution** means a capital reduction and distribution in-specie of all of the Convertible Preference Shares to each Elixir Shareholder.

**Interconditional Resolutions** means Resolutions 1 to 3 (inclusive).

**Loan** has the meaning given in Section 4.5.

**Loan Agreement** has the meaning given in Section 4.5.

**Leases** has the meaning provided to it at Section 4.3(b).

**Listing Rules** means the listing rules of ASX.

**Meeting** has the meaning given in the introductory paragraph of the Notice.

**Notice** means this notice of general meeting.

**Official List** means the official list of ASX.

**Option** means an option to acquire a Share.

**Option Agreement** means the binding term sheet option agreement between the Company, Elixir, Elixir Colorado and Emerald House as set out in Sections 4.1 and 4.4.

**Option Fee** means the option fee payable in respect of the right to exercise the Option, being the sum of \$50,000.

**Resolution** means a resolution referred to in the Notice.

**Schedule** means a schedule to the Notice.

**Section** means a section of the Explanatory Memorandum.

**Securities** mean all Equity Securities of the Company.

**Security holder** means a holder of one or more Securities.

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

**Shareholder** means a shareholder of the Company.

## Schedule 2 Terms of the Convertible Preference Shares

### 1. Glossary

- (a) Unless the context otherwise requires words and expressions used in the Terms have the meanings ascribed to them respectively in the Constitution;
- (b) If a word or phrase is defined, its other grammatical forms have a corresponding meaning; and
- (c) The following expressions have the following meanings:

**ASTC** means ASX Settlement and Transfer Corporation Pty Ltd (ABN 49 008 504 532) or any successor.

**Automatic Conversion** has the meaning given to that term in clause 3(a).

**Automatic Conversion Date** means the first Business Day after the CPS are registered in the name of the Distribution Recipient as a result of the Distribution.

**Board** means the board of directors of the Company.

**CHESS** means the Clearing House Electronic Subregister System operated by ASTC.

**Company** means Entek Energy Limited.

**Constitution** means the constitution of the Company as amended from time to time.

**Conversion** means in relation to a CPS, the taking effect of the rights specified in clauses 3(a), 5 and 6(d) in relation to that CPS and Convert and Converted have corresponding meanings.

**Conversion Date** means the Automatic Conversion Date or the New Conversion Date, as applicable.

**Corporations Act** means the Corporations *Act 2001* (Cth).

**CPS** means the convertible preference shares in the capital of Entek known as "CPS" issued on the terms set out in this Schedule or, where the context requires, each convertible preference share.

**CPS Holder** means each person registered in the Register from time to time as a holder of CPS.

**Distribution** means the distribution in specie of the CPS to holders of ordinary shares in the Original CPS Holder, pursuant to the Distribution Resolution.

**Distribution Recipient** means a recipient of CPS distributed as part of the Distribution.

**Distribution Resolution** means a resolution passed at a meeting of ordinary shareholders of the Original CPS Holder authorising the Distribution pursuant to the Corporations Act.

**Dividend** means the non-cumulative dividend payable on each CPS at the Dividend Rate.

**Dividend Rate** means 5% per annum based on the Face Value of each CPS.

**Entek GRB** means Entek GRB LLC.

**Face Value** means \$0.000001 per CPS.

**New Conversion Date** has the meaning given to that term in clause 6(d).

**Original CPS Holder** means Elixir Petroleum Limited.

**Register** means the register of CPS maintained by the Company and includes any sub register of that register.

**Shares** means a fully paid ordinary share in the capital of the Company.

**Terms** means the terms and conditions for the issue of CPS in the Company as these terms and conditions are amended, supplemented or replaced from time to time and as set out herein.

## 2. CPS

- (a) The CPS are fully paid convertible preference shares in the capital of the Company. They are issued and are automatically Converted according to these Terms.
- (b) Each CPS will be issued fully paid at the Face Value.

## 3. Automatic Conversion

- (a) Subject to clause 6(d), each CPS will be Converted on the Automatic Conversion Date in accordance with clause 5 (**Automatic Conversion**).
- (b) The Company does not have the right to Convert the CPS other than in the circumstances listed in clause 3(a).

## 4. No Holder conversion right

Save as provided for in these Conditions, no CPS Holder has a right to Convert CPS.

## 5. Conversion

- (a) In the event of a Conversion all CPS will convert into Shares on the basis of one Share for each CPS.
- (b) A CPS, upon Conversion, confers all of the rights attaching to one Share but these rights do not take effect until 5.00pm (Perth time) on the Conversion Date. At that time:
  - (i) all other rights conferred or restrictions imposed on that CPS under these Terms will no longer have effect; and
  - (ii) the Share resulting from the Conversion will rank equally with all other Shares.
- (c) Conversion does not constitute a redemption, buy-back, cancellation or termination of CPS or an issue, allotment or creation of a new Share.

- (d) Upon Conversion the Company shall provide the CPS Holder with a certificate or statement of holding for the Shares the subject of a Conversion.
- (e) Despite anything else in these Terms, upon Conversion of the relevant CPS, any entitlement to a Dividend (accrued or otherwise) with respect to CPS, will cease to accrue and be deemed to be written off.

## 6. Quotation of Shares

- (a) Each Share arising from Conversion will rank pari passu with all other fully paid Shares, except that such Shares arising from Conversion will not be entitled to any dividend or any other distribution or entitlement that has been declared or determined but not paid as at the Conversion Date.
- (b) On the Automatic Conversion Date, subject to clause 6(c), the Company must provide to ASX a notice complying with sections 708A(5)(e) and 708A(6) of the Corporations Act (**Cleansing Notice**).
- (c) If on the Automatic Conversion Date the Company would be unable to provide to ASX a Cleansing Notice in respect of a Conversion because it is unable to comply with the requirements of sections 708A(5)(e) and 708A(6) of the Corporations Act (including where trading in the Shares on ASX was suspended for more than a total of five days in the preceding 12 month period) or for any other reason is unable to provide to ASX a Cleansing Notice (for the purposes of clause 6(b), the Company must within 20 Business Days after the Automatic Conversion Date lodge with ASIC a prospectus complying with section 708A(11) of the Corporations Act (**Cleansing Prospectus**).
- (d) If the Company is under an obligation to lodge a Cleansing Prospectus, and the Automatic Conversion Date would occur prior to actual lodgement of the Cleansing Prospectus then the Conversion of the CPS will not occur until the date on which the Company has complied with its obligations under clause 6(c) (for the purposes of this clause 6(d), the **New Conversion Date**) and each CPS will be Converted on the New Conversion Date in accordance with clause 5.
- (e) Shares arising from Conversion will be issued in uncertificated form through CHES.
- (f) Statements of holdings for Shares arising from Conversion will be dispatched by the Company by mail free of charge as soon as practicable but in any event within 10 Business Days after the relevant Conversion Date.

## 7. General CPS Terms

- (a) Register
  - The Company shall maintain the Register.
- (b) General Rights
  - (i) CPS rank equally amongst themselves in all respects.
  - (ii) Until Conversion, the CPS shall have an entitlement to the payment of Dividends equal to the Dividend Rate before payment of a dividend to holders of Shares or any other class of shares ranking behind the CPS.

- (iii) Until Conversion, if there is a return of capital on a winding up of the Company, CPS Holders will be entitled to receive out of the assets of the Company available for distribution to holders of CPS, in respect of each CPS held, a cash payment equal to the Face Value and any accrued and unpaid Dividend before any return of capital is made to holders of Shares or any other class of shares ranking behind the CPS.
- (iv) CPS do not confer on their holders any right to participate in profits or property except as set out in these Terms or in the Constitution.
- (v) If, upon a return of capital, there are insufficient funds to pay in full the amounts referred to above and the amounts payable in respect of any other shares in the Company ranking as to such distribution equally with the CPS on a winding up of the Company, the CPS Holders and the holders of any such other shares will share in any distribution of assets of the Company in proportion to the amounts to which they respectively are entitled.
- (vi) Until Conversion, the CPS do not confer on the CPS Holders any further right to participate in the surplus assets of the Company on a winding up then those set out in these Terms.
- (vii) Until all CPS have been converted, the Company must not, without approval of the CPS Holders, issue shares ranking in priority to the CPS or permit the variation of any rights of any existing shares to shares ranking equally or in priority to the CPS, but the Board are at all times authorised to issue further CPS ranking equally with any existing CPS.
- (viii) If a takeover bid is made for ordinary shares, acceptance of which is recommended by the Board, or the Board recommend a member's scheme of arrangement, the Board will use reasonable endeavours to procure that equivalent takeover offers are made to the CPS Holder or that they participate in the scheme of arrangement.
- (ix) Until conversion, the CPS confer no rights to subscribe for new securities in the Company or to participate in any bonus issues.
- (x) A CPS does not entitle a CPS Holder to vote at any general meeting of the Company except in the following circumstances:
  - (A) on a proposal:
    1. to reduce the share capital of the Company;
    2. that affects rights attached to the CPS;
    3. to wind up the Company; or
    4. for the disposal of the whole of the property, business and undertaking of the Company;
  - (B) on a resolution to approve the terms of a buy back agreement;
  - (C) on a resolution during a period in which a Dividend or part of a Dividend on the CPS is in arrears; or
  - (D) on a resolution during the winding up of the Company.

- (xi) In accordance with the Constitution, a Holder will have the same rights as the holders of Shares with respect to receiving notices at general meetings and financial reports and attending the Company's general meetings.
- (xii) Subject to complying with all applicable laws, the Company may, without the authority, assent or approval of the CPS Holders, amend or add to these terms of issue if such amendment or addition is, in the opinion of the Company:
  - (A) of a formal, minor or technical nature;
  - (B) made to correct a manifest error; or
  - (C) not likely (taken as a whole and in conjunction with all other modifications, if any, to be made contemporaneously with that modification) to be materially prejudicial to the interests of the CPS Holders.

### Schedule 3 Pro-forma balance sheet

Pro-Forma Balance Sheet			
	Annual Report 30 June 2018 (audited) A\$	Adjustments A\$	Proforma Balance Sheet (unaudited) A\$
<b>Current Assets</b>			
Cash and cash equivalents	4,353,622	(2,296,470)	2,057,152
Trade and other receivables	136,827		136,827
<b>Total Current Assets</b>	<b>4,490,449</b>	<b>(2,296,470)</b>	<b>2,193,979</b>
<b>Non-Current Assets</b>			
Plant and equipment	17,199		17,199
Capitalised exploration expenditure	-	4,249,265	4,249,265
Other receivables	-	422,535	422,535
<b>Total Non-Current Assets</b>	<b>17,199</b>	<b>4,671,800</b>	<b>4,688,999</b>
<b>Total Assets</b>	<b>4,507,648</b>	<b>2,375,330</b>	<b>6,882,978</b>
<b>Current Liabilities</b>			
Trade and other payables	331,013		331,013
Provisions	-		-
<b>Total Current Liabilities</b>	<b>331,013</b>		<b>331,013</b>
<b>Total Liabilities</b>	<b>331,013</b>		<b>331,013</b>
<b>Net Assets</b>	<b>4,176,635</b>	<b>2,375,330</b>	<b>6,551,965</b>
<b>Equity</b>			
Issued capital	63,039,578	2,775,000	65,814,578
Reserves	10,392,148		10,392,148
Accumulated losses	(69,255,091)	(399,670)	(69,654,761)
<b>Total Equity</b>	<b>4,176,635</b>	<b>2,375,330</b>	<b>6,551,965</b>

#### Pro forma adjustments

The following adjustments and assumptions have been made in the preparation of the pro forma consolidated balance sheet set out above:

- The audited balance sheet of the Company as at 30 June 2018 has been adjusted to include the transactions set out below since 30 June 2018, all of which have occurred:
  - Payment for operational expenditure spent during the 6 months to 31 December 2018 by the Company of A\$399,670.
  - Payment on 30 November 2018 of A\$50,000 option fee in relation to the Transaction.
  - Payment of the Cash Consideration under the Option Agreement comprising balance bid costs and annual rents.

- The accounting policies applied by the Company have been consistently applied in the preparation of the unaudited pro forma balance sheet, and no review has been made in respect of the appropriateness of these policies of accounting treatments.
- The issue of estimated 185,000,000 Convertible Preference Shares at an issue price of \$0.015 to shareholders of Elixir pursuant to the Transaction and before transaction costs, being the number of Convertible Preference Shares the Company anticipates issuing, noting however, that Resolution 2 provides for the issue of up to 200,000,000 Convertible Preference Shares.
- Approximately \$2,750,000 in share consideration costs exclusive of fees for professional services and other transactional costs are expected to be incurred by the Company in relation to the Acquisition and have been capitalised as a component of the cost of the Acquisition as part of the Company's investment in Emerald House.
- Approximately \$1,897,000 in costs incurred on Additional Leases and annual rents on all leases to be held by Emerald House LLC (as announced on 31 January 2019) are expected to be incurred by the Company in relation to the Acquisition prior to Completion and have been capitalised as a component of the cost of the Acquisition as part of the Company's investment in Emerald House.
- The excess of share consideration paid (including costs) by the Company over the fair value of the Company's net assets resulting from the Acquisition has been attributed in full to deferred acquisition, exploration, evaluation and development costs. This has resulted in the recognition of exploration expenditure and other receivables acquired in the proposed Acquisition of \$4,671,800.
- The accounting for the Acquisition has been treated as the acquisition of an asset as the directors are of the opinion that the proposed Transaction does not fall within the scope of AASB 3 "Business Combinations".

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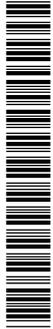
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**Proxy Form**

**XX**



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**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 11:00am (WST) Monday 1 April 2019**

**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**

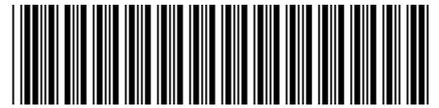
Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare 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 General Meeting of Entek Energy Limited to be held at Stantons' Boardroom, Level 2, 1 Walker Avenue, Western Australia on Wednesday, 3 April 2019 at 11:00am (WST) and at any adjournment or postponement of that meeting.

### 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	Approval to change in nature and scale of activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval to issue Convertible Preference Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Power to Issue of Convertible Preference Shares – Section 254A(2)	<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

999999A

Computershare +