ANNUAL REPORT 2014

ENTEK ENERGY LIMITED

CORPORATE DIRECTORY

DIRECTORS:

Graham Douglas Riley
(Chairman)

Trent Benjamin Spry
(Managing Director)

Andrew John Padman
(Non-Executive Director)

Alexander Forcke
(Non-Executive Director)

COMPANY SECRETARY:

Nerida Lee Schmidt

ABN:

43 108 403 425

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LEGAL ADVISORS:

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West Perth, Western Australia 6005

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Houston, Texas 77002, USA

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1200 17th Street, Suite 1000
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BANKERS:

BANK OF WESTERN AUSTRALIA LIMITED
1215 Hay Street
West Perth, Western Australia 6005

HSBC BANK AUSTRALIA LIMITED
188 - 190 St Georges Terrace
Perth, Western Australia 6000

BANK OF AMERICA NA
315 Montgomery Street/14th Floor
San Francisco, California 94104, USA

WELLS FARGO BANK, NA
1740 Broadway
Denver, Colorado 80274, USA

This annual financial report covers both Entek Energy Limited as an individual entity and the Consolidated Entity comprising Entek Energy Limited and its subsidiaries. The Group's presentation currency is Australian Dollars ($). The functional currency of Entek Energy Limited is Australian Dollars ($) and the functional currency of all other subsidiaries of Entek Energy Limited is United States Dollars (US$). A description of the Group's operations and of its principal activities is included in the review of operations and activities in the Directors' Report. The Directors' Report is not part of the annual financial report.

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CHAIRMAN'S REPORT

Dear Shareholders,

I am pleased to present this report to you on behalf of the Entek Board of Directors to summarise the progress that we have made on our key US assets over the last 12 months and to discuss your Company's forward strategy over the coming year and beyond.

At the time of writing this report Entek is awaiting confirmation of the commencement of the drilling phase of the exploration program in our Battle Mountain AMI which began about 18 months ago with the introduction of our new partner, GRMR Oil and Gas, LLC (an affiliate of East Resources, Inc.) (GRMR). Since that time GRMR have spent considerable effort, time and money to plan and acquire modern 3D seismic data over a large part of the Battle Mountain AMI, totalling some 376 square kilometres.

Following its acquisition the seismic data has gone through various rounds of processing which has led to the interpretation of numerous targets some of which will be tested with the upcoming drilling campaign. Importantly, the seismic data is of high quality which is critical to identifying and understanding the underlying fracture network and orientation to optimally drill and place the horizontal well completion within the Niobrara benches being targeted. The drilling and completion techniques to be adopted for these wells have already been successfully demonstrated by East Resources some years ago in the same Niobrara oil play to the south of our leases and we look forward to the results of the first ever horizontal well within any of our leases.

We are very fortunate to have found a partner of GRMR's calibre, experience and funding capability which we believe will provide the breakthrough in finally demonstrating the commercial potential of the Niobrara oil play in our area. The cost of the extensive 3D seismic acquisition alone would have proved far beyond Entek's funding ability and GRMR will also be carrying Entek for the cost of the first three wells on an uncapped basis. The 3D seismic has also identified conventional structural closures with multiple reservoir targets, with one of these closures to be tested with a vertical well as part of the upcoming well program.

During the year Entek further consolidated its ownership of the Focus Ranch Unit and gas export pipeline by buying out our former partner's remaining interests. Both of these assets are operated and now predominately owned by Entek and we consider these strategically important for the future development of this area. Our strategy and perseverance with the Focus Ranch Unit, which has been overshadowed by access related problems since 2009, was recently validated by a landmark decision of the United States Court of Appeals Tenth Circuit. This decision essentially removed a critical impasse between mineral and surface rights within the Unit and provides a pathway for Entek to regain access into key areas of the Focus Ranch Unit.

Entek's Niobrara lease position now totals approximately 59,000 net acres across some 155,000 gross acres which is a very significant holding for a company of our size. Over the next year or so our strategy is to validate the geological model of the Niobrara oil resource play by successfully drilling and testing the first ever horizontal well within our leases based on modern 3D seismic. We will aim to establish commercial production from newly drilled wells and utilise currently dormant Entek owned production infrastructure as part of this development with our new partner. In terms of the Focus Ranch Unit, our first priority is to get back to the live 12-1 well (which has been shut in since 2009) in order to safely return that well back to production. Whilst Entek is sufficiently funded to carry out these activities, we will also be looking to introduce a new partner to this Unit at the appropriate time to assist funding an extensive forward exploration program.

Your management team and Board are fully focused on successfully delivering this strategy with the key objective of demonstrating the significant value potential of our onshore assets and achieving a positive re-rating of the market value of Entek's shares.

Finally I would like to extend my thanks to all Entek staff, consultants, stakeholders and business partners for their continued support and commitment over the last 12 months.

Graham Riley
CHAIRMAN

OPERATIONS REPORT

As Chief Executive Officer of your Company I am pleased to present the Operations Report for 2014, a year of significant progress based on our efforts in relation to our onshore Niobrara project and a strengthening of our revenue from the Gulf of Mexico (GoM).

Onshore, this financial year, the Company realised great advancement in our Niobrara play with an extensive modern 3D seismic survey being acquired, processed and interpreted. And as a result at this time the Company awaits confirmation from the Operator (GRMR) on the next phase of exploration, being a drilling campaign in which Entek is free carried. Also over the last twelve months the Company's prolonged strategic endeavours to gain access back to the Focus Ranch Unit (FRU) 12-1 well has yielded compounding success.

Offshore in the GoM the Company's positive cash flow was strengthened by the royalty from the VR341/342 oil development, now largely covering Entek's G&A overheads.

NIOBRARA OIL RESOURCE PLAY

During the last year the Company continued to strengthen its acreage position, through acquisitions, continued leasing and ongoing lease maintenance, resulting in a gross acreage position of around 155,000 acres with approximately 59,000 acres net to Entek. The location map below (*Figure 1*) shows the Company's gross acreage position in Wyoming and Colorado covering the Niobrara Oil Resource Play as well as the Entek operated pipeline strategically located within this acreage position which is owned by the Slater Dome Partnership.

During the year Entek increased its interest in the Slater Dome Partnership to 97% through acquisitions. The partnership owns the pipeline right of way along the route shown in (*Figure 1*) where there is currently a gas export pipeline. This asset is considered strategic to Entek given the increasing level of activity planned in the area going forward.

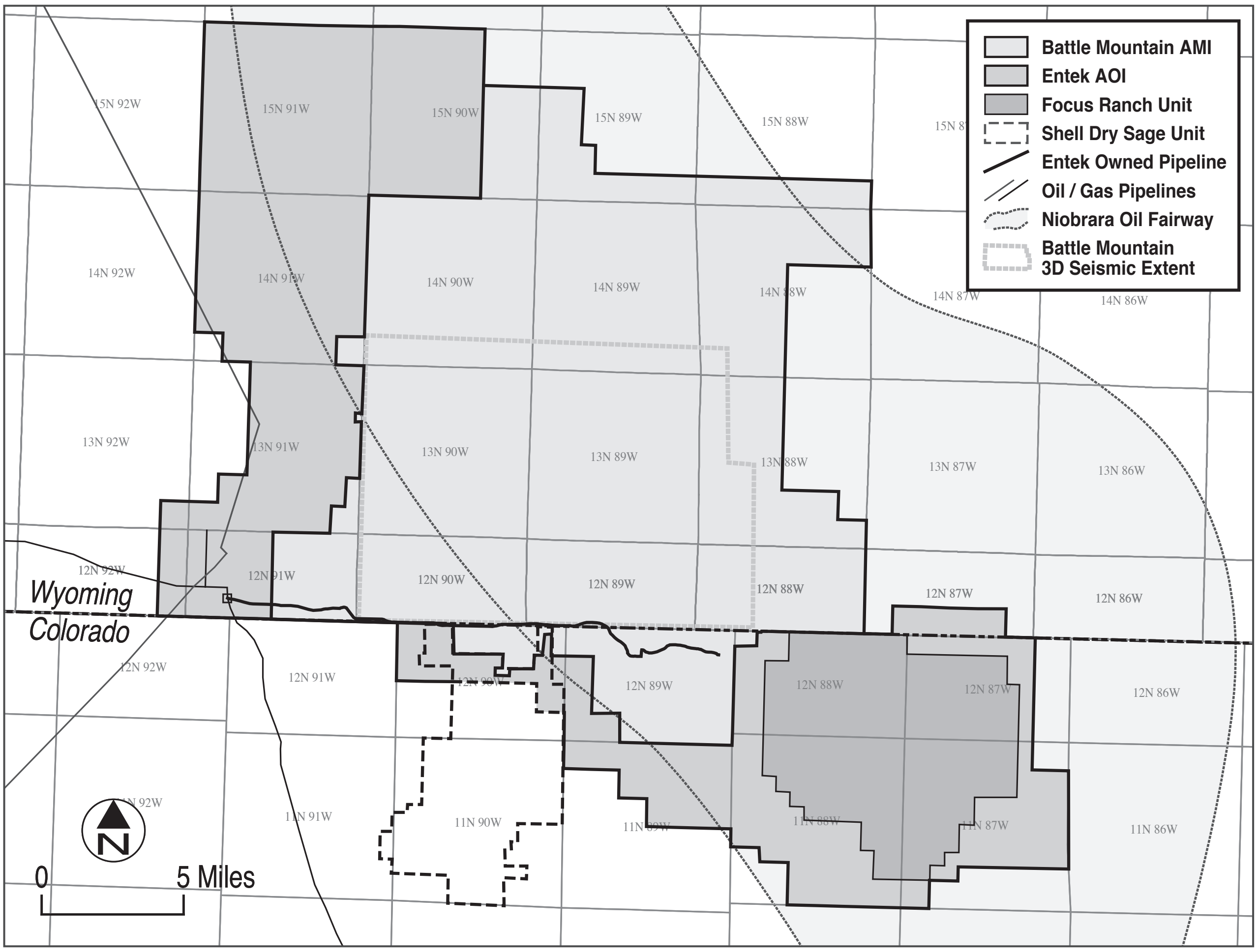

Figure 1: Map showing Niobrara Resource Play lease and asset position

OPERATIONS REPORT

BATTLE MOUNTAIN AMI

During the year the Company along with its partner GRMR Oil and Gas, LLC (an affiliate of East Resources, Inc.) (GRMR) successfully completed the acquisition and processing of an extensive modern 3D seismic survey across a significant portion of the AMI.

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

From these targets three locations have been fast tracked and are currently being permitted for drilling. At least one of the wells being permitted will be the first ever horizontal well drilled on any part of Entek's substantial Niobrara lease position. This initial program will also include a vertical well to test a significant structural closure with multiple targets.

Recent Niobrara oil production results from horizontal wells reported by industry peers within the wider Sandwash Basin are highly encouraging and strongly support GRMR's exploration strategy involving high quality 3D seismic to optimally target and position horizontal laterals within the highly fractured and oil saturated Niobrara shales.

OPERATIONS REPORT

FOCUS RANCH UNIT

During the year the Company made further progress in relation to gaining access throughout the Company's highly regarded Focus Ranch Unit (FRU) area.

Firstly, the Company, after being granted formal regulatory approval, constructed an alternative access route to the FRU 3-1 well location, a significant step towards the appraisal and development of this area by opening up a large part of the Unit.

Secondly, the United States Court of Appeals Tenth Circuit recently published its ruling on Entek GRB, LLC, vs Stull Ranches, LLC (Stull), a long running legal case dealing with access issues relating to Entek's Focus Ranch Unit.

The Court unanimously ruled that Entek, as operator of the Focus Ranch Unit, is entitled to use unitised surface in order to develop unitised minerals from anywhere within the unit.

Going forward, in order to fulfill its statutory requirements, Entek may reach a satisfactory surface use agreement with Stull or Entek may submit a standard bond to the Bureau of Land Management (BLM) for access in lieu of such agreement.

Since the ruling Stull has filed a petition for rehearing at the Tenth Circuit and Entek has responded to the court on the filing for rehearing as requested. At this time the Company awaits a ruling from the court on whether the rehearing will be granted or denied.

Our first priority is to get back to the FRU 12-1 well (which has been shut in since 2009) in order to safely return that well to production. In practical terms this will require Entek meeting a number of access related regulatory requirements and logistics which are currently being progressed.

Entek has strong industry-based and political support and a collaborative working relationship with regulatory authorities in the US and will continue to work on these requirements to obtain access approval to the FRU 12-1 well location.

In parallel to its efforts to free up access within the unit the Company significantly increased its Focus Ranch Unit net acre holdings through acquisition of partner interests earlier this year, where now the Company owns on average an 89% working interest within the Unit representing around 36,500 net acres. Significantly, this timely acquisition enables Entek to more easily progress and deal with new potential partners for the Focus Ranch Unit as part of progressing the appraisal of this strategic resource.

The Focus Ranch Unit area is considered to have significant oil and gas potential due to its unique geological setting within the Niobrara oil resource play.

Figure 2 is a cross section showing the distribution of igneous intrusives embedded within the Niobrara Oil Resource Play.

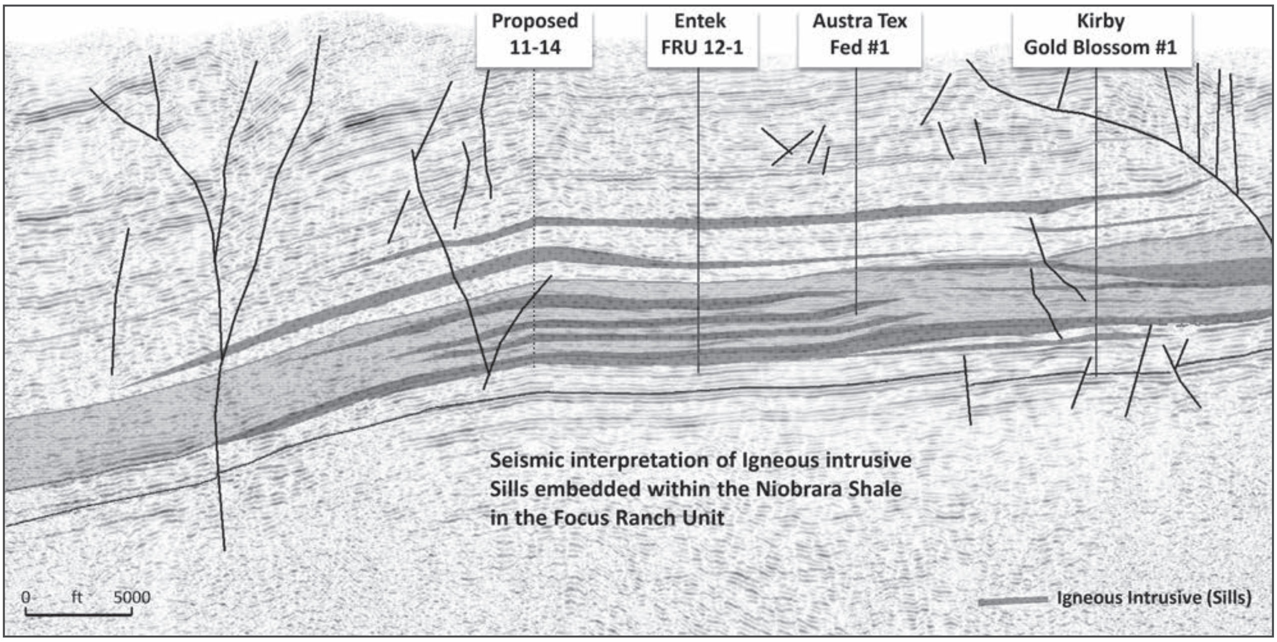

Figure 2: Focus Ranch Unit cross-section, showing the Niobrara play with embedded igneous intrusives unique to this area & significantly adding to the potential of the play

OPERATIONS REPORT

These igneous intrusives are a result of late tectonic activity and embed within the already highly fractured Niobrara target zones, further enhancing the play's potential. The nature and style of embedment of these intrusives provide massive hydrocarbon storage and flow potential due to their highly fractured character.

The Focus Ranch 12-1 well (which was tested in 2009 by Entek with a cumulative rate of 240 BOPD and 2.75 MMCFD from multiple unstimulated intervals) has already demonstrated the potential of the Niobrara and the embedded igneous intrusive sills in the area. The well has been designated a producing well by the BLM which holds the Focus Ranch Unit.

The map below (*Figure 3*) shows the Focus Ranch Unit with existing access routes. Also shown on the map is the areal extent of the volcanic sills tested at the FRU 12-1 well location and defined by seismic and additional well penetrations.

For comparison, the Dineh-Bi-Keyah (DBK) oil field (an analogue oil field located in Arizona producing from a porous and fractured igneous intrusive sill) is overlain to scale. The sill that produces at DBK is around 75 feet thick embedded in the Lower Pennsylvanian strata and covers a productive area of around 2,500 acres. The field has produced in excess of 18.5 million barrels of 45 degree API oil from 26 vertical wells. In the Focus Ranch Unit the sills which are embedded within the oil charged Niobrara, reach a thickness as great as 520 feet and cover an area of around 23,000 acres, centred on the 12-1 well which produced 41 degree API oil. Based on comparisons of sill thickness and area, the Focus Ranch Unit sill tested by the FRU 12-1 well is expected to have greater potential than its analogue at DBK.

Focus Ranch remains a key focus and high priority for Entek given its highly prospective geological setting.

In the meantime, Entek looks forward to the results of the drilling program in the adjacent Battle Mountain AMI by GRMR which we are confident will successfully demonstrate the potential of the Niobrara and allow us to apply the experience and knowledge gained from the drilling program towards a systematic and targeted appraisal program in the Focus Ranch Unit area.

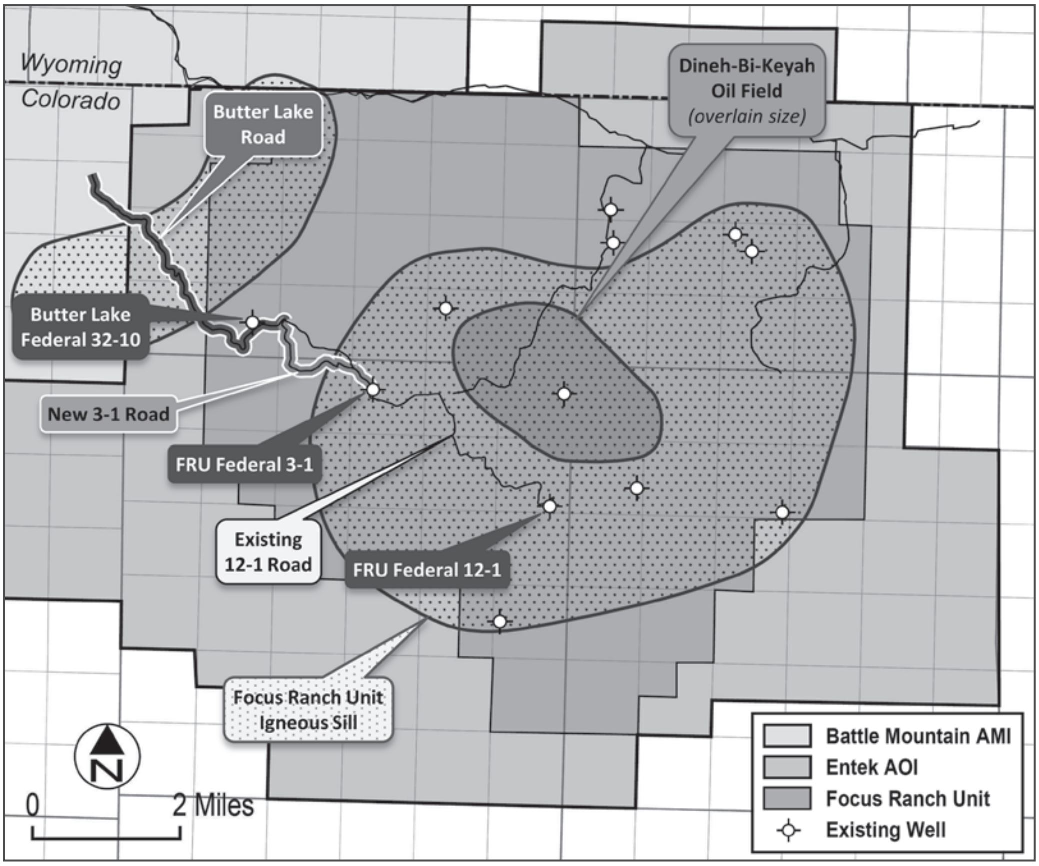

Figure 3: Focus Ranch Unit area showing key wells, access roads, & volcanic sill distribution

OPERATIONS REPORT

GULF OF MEXICO

The Company currently has working interests in two gas producing blocks in the Gulf of Mexico in addition to an overriding royalty interest in two additional blocks. The map below (*Figure 4*) shows the Company's Gulf of Mexico holdings.

During the year the Company continued to generate positive cash flow from the Gulf of Mexico. Revenue is presently from production out of blocks GA-A133 and PN-975, where production performance continues in line with the operator's well decline predictions. In addition, the Company has a royalty stream from the VR341/342 oil development. Over the year royalty revenue has been lower than expected due to 'bottle necks' on the production facility. Going forward the Company expects to continue receiving a significant positive cash flow from the Gulf of Mexico with increased revenue expected as production increase from the VR341/342 oil development. At June 30 the Company wrote off the GA212 and GA213 blocks in the Gulf of Mexico. Therefore these blocks are no longer shown on the map below even though they will be retained by the Company until their expiry in February 2015.

Figure 4: Map Showing Entek's Gulf of Mexico Assets

THE FUTURE

The Board of Directors and Management are positive going into the next financial year in a relatively strong and debt-free capital position.

Entek remains well funded with cash reserves of approximately $8.4 million and being free carried on an uncapped basis for the initial Battle Mountain drilling program.

Onshore, the previous year saw a great advancement in our Niobrara play with new 3D seismic being acquired, processed and interpreted. The Company is awaiting the commencement of the drilling campaign to take the next step towards the successful commercialisation of Entek's substantial Niobrara lease position. Also over the last twelve months the Company's prolonged strategic endeavours to gain access back to the FRU 12-1 well recently resulted in a significant win for the Company which will allow us to also progress with the further exploration and appraisal of our Focus Ranch Unit area.

We look forward to updating shareholders as the efforts of the last twelve months continue to materialise in the future.

Trent B. Spry
CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR

"WE LOOK FORWARD TO UPDATING SHAREHOLDERS AS THE EFFORTS OF THE LAST TWELVE MONTHS CONTINUE TO MATERIALISE IN THE FUTURE"

DIRECTORS' REPORT

The directors of Entek Energy Limited A.C.N. 108 403 425 ("Parent Entity" or "Company") present their report including the consolidated annual financial report of the Company and its controlled entities ("Consolidated Entity" or "Group") for the year ended 30 June 2014. The Company is a listed public company limited by shares, incorporated and domiciled in Australia.

DIRECTORS

The names of the directors of the Company in office at any time during or since the financial year and up to the date of this financial report are as follows. Directors were in office for the entire year unless otherwise stated.

Graham Douglas Riley
Trent Benjamin Spry
Andrew John Padman
Alexander Forcke

PRINCIPAL ACTIVITIES

The principal activities of the Company during the year were oil and gas exploration, development and production and investment in the resources industry.

There were no significant changes in the nature of the principal activities during the financial year.

OPERATING RESULTS

The operating loss for the Consolidated Entity, after income tax amounted to $7,156,735. (2013, loss of $3,350,438). Items material to the 2014 result include:

- Revenue from oil and gas sales $3,239,197 (2013: $2,377,559) and interest income of $10,468 (2013: $45,314).

- An unrealised foreign currency translation loss of $1,021,384 was recorded compared to a gain of $5,459,195 in the previous financial year due to the appreciation of the Australian dollar against the US dollar. The majority of the foreign currency translation loss relates to a loan from the Australian Parent entity to fund its US subsidiaries. At 30 June 2014 this loan stood at $61.2m (2013: $59.9m).

- Expensing of Exploration Expenditure of $4,515,181 compared to $2,747,253 in 2013. The Company adopts the "successful methods" basis of accounting with regards to its onshore assets based in the Green River Basin.

- Impairment of Capitalised Expenditure of $1,035,078 compared to $6,955,668 in 2013. The decrease is principally due to the Company incurring a net impairment adjustment on its assets in the Green River Basin in the prior year of $6.5m and the write off of its WC-517 exploration block ($0.4m) in the Gulf of Mexico due to the impending expiry of its lease term. In the current year, the Company has impaired the interests in the GA212 & GA 213 blocks by $1m due to the impending expiry of the leases.

DIVIDENDS

No dividends have been paid or declared since the start of the financial year by the Company.

The directors have recommended that no dividend be paid by the Company in respect of the year ended 30 June 2014.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS AND REVIEW OF OPERATIONS

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

EVENTS SINCE THE END OF THE FINANCIAL YEAR

Entek GRB LLC leases minerals from the U.S. government in Northern Colorado. Certain of these leases are unitised in a federally-approved unit. Some of the surface within the unit is “split” from the minerals and is privately owned. Stull Ranches LLC (Stull) owns some of this “split estate” surface within the unit. Entek sought to cross Stull’s surface within the unit on a pre-existing road to reach wells on federal surface within the unit, but Stull objected.

On 14 August 2014, the U.S. Tenth Circuit Court of Appeals decided that Entek, as operator of the Focus Ranch Unit, is entitled to use unitised surface anywhere in the unit in order to develop unitised minerals from anywhere within the unit. Going forward, in order to fulfil its statutory requirements, Entek may reach a satisfactory surface use agreement with Stull or Entek may submit a bond to the BLM for access in lieu of an agreement.

Since the ruling Stull has filed a petition for rehearing at the Tenth Circuit. Entek has responded to the court on the filing for rehearing as requested. At this time the Company awaits a ruling from the court on whether the rehearing will be granted or denied.

No other matters or circumstances have arisen since the end of the financial year 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.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The directors intend to actively pursue the exploration and development of the oil and gas leases in the United States in which the Company has an interest. The directors are of the opinion that further information as to the likely developments in the operations of the Company would prejudice the interests of the Company and it has accordingly not been included.

ENVIRONMENTAL ISSUES

The Company is liable for its share of the cost of abandonment of its producing assets in the Gulf of Mexico. As such it has provided in the accounts the following amounts - Padre North 975 project $79,618 (US$75,000), and Galveston A133 project $638,241 (US$601,223). The Company is expected to fully recover these costs upon the sale of the production facilities.

On 1 May 2010, the Company commenced as operator in the Green River Basin region of the United States of America. This basin encompasses parts of the States of Colorado and Wyoming. The Company complies with its environmental obligations in this area, and there have been no significant known breaches of the Company's licence or permit conditions. In addition, no Federal or State Government agency has notified the Company of any environmental breaches since commencement as operator. The Company has however provided the amount of $743,100 (US$700,000) in the event any such breach should occur.

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

GRAHAM DOUGLAS RILEY
CHAIRMAN (NON-EXECUTIVE)

Qualifications:

Bachelor of Jurisprudence and Bachelor of Laws from the University of Western Australia

Experience:

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

Directorships of other listed companies in the 3 years prior to the end of the Financial Year:

Non-Executive Chairman of Buru Energy Limited from 31 March 2009 to 23 May 2014 and Gascoyne Resources Limited from 19 October 2009 to 5 October 2012. Non-Executive Director of Gascoyne Resources Limited from 5 October 2012, Buru Energy Limited from 27 May 2008 to 23 May 2014 and Target Energy Limited from 13 December 2010 to 5 October 2012.

Special Responsibilities:

Member of the Remuneration Committee and Audit Committee.

Interest in shares and options of the Company as at the date of signing this report:

14,174,919 Ordinary Shares.

Directors' meetings attended: 5 (eligible to attend 5).

TRENT BENJAMIN SPRY
DIRECTOR AND CHIEF EXECUTIVE OFFICER

Qualifications:

Bachelor of Science from the University of South Australia, Double Major Geology & Biochemistry, National Centre of Petroleum Geology & Geophysics (NCPGG), First Class Honours, 1993.

Experience:

Mr Trent Spry commenced with the Company in December 2008 as General Manager and has been involved in the Company's successful increase in production and reserves, both onshore and offshore since his appointment. On 5th October 2010 he was appointed a Director and Chief Executive Officer of the Company. Mr. Spry has brought to the Company 20 years of global experience in the oil and gas industry. He has enjoyed successful careers with BHP Petroleum, Woodside Energy and RPS Energy and has consulted for international and national energy companies globally. He has an excellent track record of finding oil and gas and identifying quality prospects and hydrocarbon plays. He has vast experience in Gulf of Mexico exploration and new ventures and global onshore experience, including characterisation petroleum systems such as those in Entek's Green River Basin portfolio.

Directorships of other listed companies in the 3 years prior to the end of the Financial Year:

None.

Special Responsibilities: N/A.

Interest in shares and options of the Company as at the date of signing this report:

1,945,000 Ordinary shares.

Directors' meetings attended: 5 (eligible to attend 5).

ALEXANDER FORCKE
DIRECTOR (NON-EXECUTIVE)

Qualifications:

Bachelor of Commerce degree from the University of Western Australia. He is a member of the Australian Institute of Company Directors.

Experience:

Mr Alex Forcke is a public company executive with considerable financial and commercial experience gained in over 25 years in both the resources and investment banking industries. Mr Forcke was the Executive Chairman of Adelphi Energy Limited, a successful ASX listed oil & gas explorer with US shale gas interests prior to being taken over in 2010. He was also a long standing Director of ARC Energy Limited in a commercial and financial executive role. Prior to entering the oil and gas industry, Mr Forcke had established an international career in project finance and investment banking, including the position as WA State Manager and Director of Project and Specialised Finance for AIDC Ltd.

Directorships of other listed companies in the 3 years prior to the end of the Financial Year:

None.

Special Responsibilities:

Member of the Remuneration Committee and Chairman of the Audit Committee.

Interest in shares and options of the Company as at the date of signing this report:

9,531,259 Ordinary Shares.

Directors' meetings attended: 5 (eligible to attend 5).

DIRECTORS' REPORT

ANDREW JOHN PADMAN
DIRECTOR (NON-EXECUTIVE)

Qualifications:

Mr Padman graduated from the University of Tasmania in 1976 with a Bachelor of Science in Geology and Geophysics, and with Bachelor of Science (Honours) in Geophysics in 1977. He is a member of the Australian Institute of Company Directors, the Australian Petroleum Production & Exploration Association and the Australian Society of Exploration Geophysicists.

Experience:

Mr Padman has over 37 years of experience in the upstream petroleum E & P industry, working on new ventures, exploration and exploitation projects in the sedimentary basins of South East Asia; the United Kingdom (North Sea); most of the basins of Australia and New Zealand, and also with experience in the Gulf Coast of the United States.

After 11 years working internationally with Exxon Corporation, Mr Padman returned to Australia in 1992, at which time he was employed by Woodside Petroleum Ltd as a geophysical technical specialist providing advanced technical solutions to geophysical problems pertinent to Woodside's exploration efforts.

From 1996 to early 2008, Mr Padman served as Exploration Manager respectively to Discovery Petroleum, Premier Oil Australia, Gulf Australia, Newfield Australia and ARC Energy, gaining extensive experience in exploration strategies, portfolio management and business development, particularly across the South East Asian region. Since 2008, he has worked as a consultant to the Petroleum Exploration Industry, delivering strategic, portfolio management and geophysical support to a broad spectrum of client companies across S E Asia.

Directorships of other listed companies in the 3 years prior to the end of the Financial Year:

None.

Special Responsibilities:

Chairman of the Remuneration Committee and member of the Audit Committee.

Interest in shares and options of the Company as at the date of signing this report:

1,350,000 Ordinary shares.

Directors' meetings attended: 5 (eligible to attend 5).

Nerida Lee Schmidt
Company Secretary

Qualifications

Bachelor of Commerce from the University of Western Australia, is a Certified Practising Accountant and a Fellow of Finsia. She is also a Chartered Secretary and holds a Graduate Diploma in Company Secretarial Practice.

Experience

Ms Schmidt has 25 years professional experience as the company secretary of a number of ASX and AIM listed companies in a variety of industries. She has also consulted to a number of listed and unlisted entities providing corporate, company secretarial, and financial services.

Prior to these roles, Nerida was a manager in the Corporate division of the full service stockbroking firm Paterson Ord Minnett and a member of the taxation and corporate recovery divisions of public accounting firm Arthur Andersen.

DIRECTORS' MEETINGS

During the year ended 30 June 2014, five (5) meetings of directors were held.

REMUNERATION REPORT (AUDITED)

(i) Key management personnel disclosed in this report

The names and positions of key management personnel of the Company and of the Consolidated Entity who have held office during the financial year are:

DIRECTORS	
Trent Spry	Executive Director & Chief Executive Officer
Graham Riley	Non-Executive Chairman
Andrew Padman	Non-Executive Director
Alexander Forcke	Non-Executive Director
OTHER KEY MANAGMENT PERSONNEL	
Andrew Gastevich	Company Secretary and Chief Financial Officer (up to 30 June 2014)
David Christian	Director of Entek USA Inc
Kim Parsons	US Regional Manager from 10 June 2013
Timothy Hopkins	US Regional Manager to 10 June 2013

(ii) Remuneration governance

The remuneration committee is a committee of the Board. It is primarily responsible for making recommendations to the Board on:

- The executive remuneration framework
- Operation of incentive plans which apply to executive directors and senior executives
- Remuneration levels of executives
- Non-executive director fees

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company.

(iii) *Executive remuneration policy and framework*

Remuneration is based on fees approved by the Board of Directors. There is no relationship between the performance of, or the impact on shareholder wealth of, the Company for the current financial year or the previous four financial years and either the remuneration of directors and executives or the issue of shares and options to directors. Remuneration is set at levels to reflect market conditions and encourage the continued services of directors and executives.

(iv) Non Executive Director remuneration

The Company has an agreement with a company controlled by Mr Graham Riley, Chairman of the Company, for provision of his services as a Non-Executive Chairman. The term of the agreement commenced on 1 February 2011 and in accordance with the Company's Constitution, cannot hold office for more than 3 years without retiring, but will be eligible to be re-elected. He is paid $7,267 per month, as well as costs relating to performance of duties as a director. There is no termination notice period or termination benefit specified in this agreement.

The Company has an agreement with Mr Alexander Forcke, a director of the Company for provision of his services as a Non-Executive Director. The term of the agreement commenced on 15 February, 2011 and in accordance with the Company's Constitution, he cannot hold office for more than 3 years without retiring, but will be eligible for re-election. He is paid $4,542 per month, as well as costs relating to the performance of his duties as a director. There is no termination notice period or termination benefit specified in this agreement. Mr Forcke also provides commercial and corporate consultancy services to the Company from time to time and is remunerated for those services on industry standard terms in addition to his director's fees.

The Company has an agreement with a company controlled by Mr Andrew Padman, a director of the Company for provision of his services as a Non-Executive Director. The term of the agreement commenced on 1 September 2008 and in accordance with the Company's Constitution, he cannot hold office for more than 3 years without retiring, but will be eligible for re-election. He is paid $4,542 per month, as well as costs relating to the performance of his duties as a director. There is no termination notice period or termination benefit specified in this agreement.

(v) *Services agreements*

Remuneration and other terms of employment for the executives are formalised in service agreements specifying the components of remuneration, benefits and notice periods. Termination benefits are within the limits set by the Corporations Act 2001 such that they do not require shareholder approval.

The Company has an agreement with a company controlled by Mr Trent Spry, an Executive Director of the Company. The agreement is valid to March 2015 and provides for remuneration of $30,625 per month, as well as mobile phone costs, professional memberships costs and business related expenses. The agreement specifies a three month notice in the event it is terminated. In the event of termination under no fault of the contractor, he qualifies for a termination payment for a minimum of three months and a maximum of 6 months depending on the remaining term of his contract. Aside from this benefit there are no termination benefits specified in this agreement.

The Company had an agreement with Mr Andrew Gastevich, as the Company Secretary and Chief Financial Officer of the Company for provision of his services. The agreement was valid to 28 September 2014 and provided for remuneration of $20,125 per month inclusive of superannuation as required by law, as well as mobile phone costs, professional memberships costs and business related expenses.

On 30 June 2014 Mr Gastevich was given notice that his contract would not be renewed after the 28th September. He resigned as Company Secretary on that date.

The Company has an agreement with Ms Kim Parsons, the US Regional Manager of the Company for provision of her services. The agreement is for an unspecified period from 10 June 2013 and provides for remuneration of US$18,750 per month, as well as mobile phone costs, professional memberships costs and business related expenses. The agreement specifies a three month notice period in the event it is terminated. There are no other termination benefits specified in this agreement.

The Company pays Mr David Christian, Director of Entek USA Inc an hourly rate and reimburses him for business expenses.

(vi) *Details of remuneration*

Total Remuneration 2014

	Salary and Fees $	Annual Leave $	Super-annuation $	Total $	Share based payments Options $	Total $	Equity Remuneration % of Total
REMUNERATION OF DIRECTORS BASED ON FEES APPROVED BY THE BOARD OF DIRECTORS.							
Trent Spry	367,498	-	-	367,498	-	367,498	-
Graham Riley	87,200	-	-	87,200	-	87,200	-
Andrew Padman	54,500	-	-	54,500	-	54,500	-
Alexander Forcke(i)	67,750	-	-	67,750	-	67,750	-
TOTAL PRIMARY REMUNERATION FOR SPECIFIED DIRECTORS	576,948	-	-	576,948	-	576,948	-
REMUNERATION OF EXECUTIVES BASED ON APPROVAL BY THE BOARD OF DIRECTORS							
Andrew Gastevich	216,500	-	25,000	241,500	-	241,500	-
Kim Parsons	273,474	-	-	273,474	21,319	294,793	7%
TOTAL PRIMARY REMUNERATION FOR SPECIFIED EXECUTIVES	489,974	-	25,000	514,974	21,319	536,293	-

(i) During the year, AF Consulting Pty Ltd, a company associated with Mr Forcke, provided consultancy services and invoiced the amount of $13,250 (2013: $42,217)

In addition, during the financial year, the Company paid premiums for Directors and officers liability insurance of $19,468 (2013: $23,900)

Total Remuneration 2013	Salary and Fees $	Annual Leave $	Super-annuation $	Total $	Share based payments Options $	Total $	Equity Remuneration % of Total
REMUNERATION OF DIRECTORS BASED ON FEES APPROVED BY THE BOARD OF DIRECTORS.							
Trent Spry	367,496	-	-	367,496	-	367,496	-
Graham Riley	87,200	-	-	87,200	-	87,200	-
Andrew Padman	54,500	-	-	54,500	-	54,500	-
Alexander Forcke(i)	96,717	-	-	96,717	-	96,717	-
TOTAL PRIMARY REMUNERATION FOR SPECIFIED DIRECTORS	605,913	-	-	605,913	-	605,913	-
REMUNERATION OF EXECUTIVES BASED ON APPROVAL BY THE BOARD OF DIRECTORS							
Andrew Gastevich	216,500	11,820	25,000	253,320	-	253,320	-
Timothy Hopkins	245,786	-	-	245,786	13,864	259,650	6%
Kim Parsons	12,040	-	-	12,040	4,750	16,790	28%
TOTAL PRIMARY REMUNERATION FOR SPECIFIED EXECUTIVES	474,326	11,820	25,000	511,146	18,614	529,760	4%

(i) *During the year ended 30 June 2013, AF Consulting Pty Ltd, a company associated with the Director, provided consultancy services and invoiced the amount of $42,217 (2012: $21,000)*

(vii) *Details of share based compensation and bonuses*

On 10 September 2013, the Company issued the following Employee Options:

- 500,000 free options exercisable immediately at 6 cents each and expiring on 30 June 2016.
- 500,000 free options exercisable immediately at 8 cents each and expiring on 30 June 2016.
- 500,000 free options which vest and become exercisable on 10 June 2014 at 6 cents each and expiring on 30 June 2016.
- 500,000 free options which vest and become exercisable on 10 June 2014 at 8 cents each and expiring on 30 June 2016.

The issue of these options was in accordance with the Company's Employee Share Option Plan, which was initially approved at the Annual General Meeting of shareholders held on 25 November 2010. Shareholder approval was subsequently refreshed at the Annual General Meeting of shareholders held on 25 November 2013.

The executive's 6 cent options were valued on the date of issue at 1.78 cents each using the Black & Scholes method and based on the then price of the ordinary shares of $0.037, a risk free interest rate of 2.56% and a volatility factor of 85.0%.

The executive's 8 cent options were valued on the date of issue at 1.53 cents each using the Black & Scholes method and based on the then price of the ordinary shares of \$0.037, a risk free interest rate of 2.56% and a volatility factor of 85.0%.

Details of the vesting profiles of the options granted as remuneration to each key management personnel of the Group are detailed below.

	Options Granted				
	Number	Date	% Vested in Year	% Forfeited in Year	Financial Year in Which Grant Vests
Executives					
Kim Parsons[1]	1,000,000	10-Sep-13	100	-	30th June 2014
	1,000,000	10-Sep-13	100	-	30th June 2014

[1] *The options belonging to Kim Parsons were granted on date of employment (10 June 2013) but issued three months after commencement of employment*

No other remuneration options were granted, exercised or lapsed during the year.

(viii) ***Equity instruments held by key management personnel***

The following tables show the number of equity instruments held during the financial year by key management personnel of the group, including close family members and entities related to them.

OPTIONS HELD BY KEY MANAGEMENT PERSONNEL

	Number of Options			
	1 July 2013 or Appointment	Granted as Remuneration	Net Change Other [1]	30 June 2014 or Resignation
Trent Spry	7,000,000	-	(7,000,000)	-
Graham Riley	2,000,000	-	(2,000,000)	-
Andrew Padman	2,000,000	-	(2,000,000)	-
Alexander Forcke	2,000,000	-	(2,000,000)	-
Andrew Gastevich	3,000,000	-	(3,000,000)	-
David Christian	750,000	-	(750,000)	-
Timothy Hopkins	1,500,000	-	(1,500,000)	-
Kim Parsons	2,000,000	-	-	2,000,000
	20,250,000	-	(18,250,000)	2,000,000

[1]Options expired during the current reporting year.

At 30 June 2014 all outstanding options as per above are fully vested.

OPTIONS HELD BY KEY MANAGEMENT PERSONNEL

	Number of Options			
	1 July 2012 or Appointment	Granted as Remuneration	Net Change Other[(i)]	30 June 2013 or Resignation
Trent Spry	7,000,000	-	-	7,000,000
Graham Riley	2,000,000	-	-	2,000,000
Andrew Padman	2,000,000	-	-	2,000,000
Alexander Forcke	2,000,000	-	-	2,000,000
Andrew Gastevich	3,000,000	-	-	3,000,000
David Christian	1,500,000	-	(750,000)	750,000
Timothy Hopkins	2,250,000	-	(750,000)	1,500,000
Kim Parsons	-	2,000,000	-	2,000,000
	19,750,000	2,000,000	(1,500,000)	20,250,000

[(i)]Options expired during the prior reporting year.

At 30 June 2013 not all options granted to directors and key management are fully vested.

SHARES HELD BY KEY MANAGEMENT PERSONNEL

	Number of Ordinary Shares			
	1 July 2013 or Appointment	Issued as Remuneration	Net Change Other	30 June 2014 or Resignation
Trent Spry	1,220,000	-	725,000	1,945,000
Graham Riley	8,349,838	-	5,825,081	14,174,919
Andrew Padman	1,200,000	-	150,000	1,350,000
Alexander Forcke	6,000,000	-	3,531,259	9,531,259
Andrew Gastevich	400,000	-	200,000	600,000
David Christian	-	-	-	-
Kim Parsons	-	-	-	-
Timothy Hopkins	-	-	-	-
	17,169,838	-	10,431,340	27,601,178

SHARES HELD BY KEY MANAGEMENT PERSONNEL

	Number of Ordinary Shares			
	1 July 2012 or Appointment	Issued as Remuneration	Net Change Other	30 June 2013 or Resignation
Trent Spry	593,750	-	626,250	1,220,000
Graham Riley	8,349,838	-	-	8,349,838
Andrew Padman	1,000,000	-	200,000	1,200,000
Alexander Forcke	3,000,000	-	3,000,000	6,000,000
Andrew Gastevich	62,500	-	337,500	400,000
David Christian	-	-	-	-
Timothy Hopkins	-	-	-	-
	-	-	-	-
	13,006,088	-	4,163,750	17,169,838

(End of audited remuneration report)

SHARES UNDER OPTIONS

During the year ended 30 June 2014, no options were exercised.

Options to subscribe for unissued fully paid ordinary shares in the Company at the date of this report held by Directors, and Key Management Personnel at the date of this report:

Status	Number	Exercise Price $	Expiry Date
Non-Listed	1,000,000	0.06	30/06/2016
Non-Listed	1,000,000	0.08	30/06/2016
	2,000,000		

Options to subscribe for unissued fully paid ordinary shares in the Company at the date of this report held by US based, non Key Management Personnel at the date of this report (not included in above table):

Status	Number	Exercise Price $	Expiry Date
Non-Listed	500,000	0.25	30/06/2015
Non Listed	500,000	0.30	30/06/2015
	1,000,000		

No person entitled to exercise any of these options had or has any right by virtue of the option to participate in any share issue of any other body corporate.

INDEMNIFYING AND INSURING DIRECTORS AND OFFICERS

During the financial year, the Company paid premiums for Directors and Officers liability insurance of $19,468 (2013: $23,900). Except as disclosed above, the Company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the Company or a related body corporate:

a) indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or

b) paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings.

CORPORATE GOVERNANCE

The Board of Directors of the Company is responsible for the corporate governance of the Consolidated Entity. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Company's Corporate Governance Policies are structured with reference to the ASX Corporate Governance Council's principles and recommendations, which are as follows:

Principle 1. Lay solid foundations for management and oversight

Principle 2. Structure the board to add value

Principle 3. Promote ethical and responsible decision making

Principle 4. Safeguard integrity in financial reporting

Principle 5. Make timely and balanced disclosure

Principle 6. Respect the rights of shareholders

Principle 7. Recognise and manage risk

Principle 8. Remunerate fairly and responsibly

The Company's corporate governance policies were in place by the year ended 30 June 2009 and were mainly consistent with the ASX Corporate Governance Council's best practice recommendations.

Any director may nominate a person to be considered for appointment as a director of the Company, either as an additional director or as a replacement for a retiring director. Criteria for Board membership rests on the Board's assessment of the capacity of a nominee to contribute to the Company. Membership of the Board of Directors is reviewed on an on-going basis by the Chairman of the Board.

The terms and conditions relating to the appointment and retirement of directors are determined by the Board on an individual basis at the time of appointment of the director and are reviewed by the Chairman on an on-going basis.

Each director of the Company or a controlled entity has the right to seek independent professional advice at the expense of the Company or the controlled entity, however prior approval of the Chairman is required which will not be unreasonably withheld.

The remuneration of executive directors and non-executive directors is reviewed by the Board of directors with the exclusion of the director concerned. The remuneration of other senior executives of the Company is approved by the Chairman. Directors are not remunerated in accordance with the performance of the Company.

The nomination of external auditors and the review of the adequacy of external audit arrangements is the responsibility of the Board of Directors as a whole.

The Board has established the following standing Committees to assist the Board in the execution of its responsibilities:

- the Audit Committee
- the Remuneration Committee

Other committees may from time to time be established by the Board in accordance with the Constitution or to deal with matters of special importance.

Responsibility for establishing and maintaining effective risk management strategies rests with senior management, accountable to the Chief Executive Officer and the Audit Committee of the Board.

All directors, executives and staff of the Company and of all controlled entities, if any, are required to abide by the legal requirements, the Listing Rules of the Australian Securities Exchange and the highest standards of ethical conduct as recognised in each relevant jurisdiction in which the Company operates and with regard to their personal trading in the securities of the Company including the use of trading windows.

The Board values diversity in all aspects of its business and is committed to creating a working environment that recognises and utilises the contribution of its employees. The purpose of this is to provide diversity and equality relating to all employment matters. The Company's policy is to recruit and manage on the basis of ability and qualification for the position and performance, irrespective of gender, age, marital status, sexuality, nationality, race/cultural background, religious or political opinions, family responsibilities or disability. The Company opposes all forms of unlawful and unfair discrimination.

The Board acknowledges the absence of female participation on the Board of Directors. However, the Board has determined that the composition of the current Board represents the best mix of Directors that have an appropriate range of qualifications and expertise, can understand and competently deal with current and emerging business issues and can effectively review and challenge the performance of management.

The Company has not set or disclosed measurable objectives for achieving gender diversity. Due to the size of the Company, the Board does not deem it practical to limit the Company to specific targets for gender diversity as it operates in a very competitive labour market where positions are sometimes difficult to fill. However, every candidate suitably qualified for a position has an equal opportunity of appointment regardless of gender, age, ethnicity or cultural background.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the section 307C of the Corporations Act 2001, the auditors of the Company, Stantons International have provided a signed Auditor's Independence Declaration to the directors in relation to the year ended 30 June 2014. This declaration has been included in this document.

There were no other fees charged by the auditors or related entities during the 2014 financial year (2013: $Nil). The directors are satisfied this did not compromise the auditor's independence.

Signed in accordance with a resolution of the directors.

Trent Spry
Director and Chief Executive Officer

30 September 2014
Perth, Western Australia

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Entek Energy Limited A.C.N. 108 403 425 ("Company"), I state that:

In the opinion of the directors:

1) the financial statements and notes of the Company and of the Consolidated Entity to these statements are in accordance with the Corporations Act 2001 including:

    a) complying with Accounting Standards and the Corporations Regulations 2001; and

    b) giving a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the Company and the Consolidated Entity;

2) the Chief Executive Officer and Non-Executive Director, Alex Forcke have each declared that:

    a) the financial records of the Company for the year ended 30 June 2014 have been properly maintained in accordance with section 286 of the Corporations Act 2001;

    b) the financial statements and notes for the financial year comply with the Accounting Standards;

    c) the financial statements and notes for the financial year give a true and fair view;

3) the financial statements and notes for the financial year also comply with International Financial Reporting Standards as disclosed in Note 1; and

4) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board of Directors.

Trent Spry
Director and Chief Executive Officer

30 September 2014
Perth, Western Australia

FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

	Note	Consolidated Entity 2014 $	Consolidated Entity 2013 $
Revenue	2	3,249,665	2,422,873
Other income	2	43,683	2,560,770
Expenses	2	(10,450,083)	(8,334,081)
(LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAX		(7,156,735)	(3,350,438)
Income tax	3	-	-
(LOSS) FROM CONTINUING OPERATIONS AFTER INCOME TAX	4	(7,156,735)	(3,350,438)
OTHER COMPREHENSIVE INCOME			
ITEMS WHICH ARE SUBSEQUENTLY TRANSFERRED TO PROFIT AND LOSS:			
Foreign currency translation differences		664,628	(2,597,967)
Income tax on other comprehensive income		-	-
OTHER COMPREHENSIVE PROFIT(LOSS) FOR THE YEAR, NET OF INCOME TAX		664,628	(2,597,967)
TOTAL COMPREHENSIVE (LOSS) FOR THE YEAR		(6,492,107)	(5,948,405)
COMPREHENSIVE (LOSS) ATTRIBUTABLE TO:			
MEMBERS OF THE PARENT ENTITY:		(6,492,107)	(5,948,405)
BASIC LOSS PER SHARE (CENTS PER SHARE)	5	(1.40)	(0.66)
DILUTED LOSS PER SHARE (CENTS PER SHARE)	5	(1.40)	(0.66)

The above consolidated Statement of Profit or Loss and other Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	Consolidated Entity 2014 $	Consolidated Entity 2013 $
CURRENT ASSETS			
Cash and cash equivalents	14	8,427,769	15,091,003
Trade and other receivables	6(a)	1,053,313	1,896,569
Inventory	7	56,470	66,946
TOTAL CURRENT ASSETS		9,537,552	17,054,518
NON-CURRENT ASSETS			
Trade and other receivables	6(b)	199,815	146,598
Plant and equipment	8	113,135	155,471
Capitalised exploration expenditure	9(a)	14,812,062	16,582,952
Production plant and equipment	9(b)	3,663,486	1,383,653
TOTAL NON-CURRENT ASSETS		18,788,498	18,268,674
TOTAL ASSETS		28,326,050	35,323,192
CURRENT LIABILITIES			
Trade and other payables	10	418,606	988,654
Provisions	11(a)	73,744	69,462
TOTAL CURRENT LIABILITIES		492,350	1,058,116
NON-CURRENT LIABILITIES			
Provisions	11(b)	1,460,959	1,424,869
TOTAL NON-CURRENT LIABILITIES		1,460,959	1,424,869
TOTAL LIABILITIES		1,953,309	2,482,985
NET ASSETS		26,372,741	32,840,207
EQUITY			
Issued capital	12	59,791,934	59,791,934
Reserves	13	4,019,168	3,329,899
Accumulated losses	4	(37,438,361)	(30,281,626)
TOTAL EQUITY		26,372,741	32,840,207

The above consolidated statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	Note	Consolidated Entity 2014 $	Consolidated Entity 2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,626,784	2,542,253
Payments to suppliers & employees		(1,739,947)	(2,149,916)
Interest received		10,468	45,314
NET CASH FROM OPERATING ACTIVITIES	14	897,305	437,651
CASH FLOWS FROM INVESTING ACTIVITIES			
Capitalised exploration expenditure		(4,682,019)	(5,856,987)
Capitalised production expenditure		(192,725)	(633,726)
Purchase of plant and equipment		(12,692)	(68,408)
Purchase of exploration assets		(2,482,183)	-
Proceeds from sale of exploration licences		-	8,228,296
Refund of exploration expenditure		-	1,138,676
Placement of Security Bond		(55,473)	-
Refund of Bond		117,080	-
Joint Venture partner's contribution for rehabilitation provision		-	479,713
NET (USED IN)/CASH FROM INVESTING ACTIVITIES		(7,308,012)	3,287,564
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from equity issues (net of issue expenses)		-	-
NET CASH FROM/ (USED IN) FINANCING ACTIVITIES		-	-
NET (DECREASE)/INCREASE IN CASH HELD		(6,410,707)	3,725,215
Net foreign exchange differences		(252,527)	332,302
Cash and cash equivalents at beginning of year		15,091,003	11,033,486
CASH AND CASH EQUIVALENTS AT END OF YEAR	14	8,427,769	15,091,003

The above consolidated statement of Cashflows should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

ATTRIBUTABLE TO MEMBERS OF THE GROUP	CONSOLIDATED ENTITY				
	Issued Capital	Option Premium Reserve	Currency Translation Reserve	Accumulated Losses	Total Equity
	$	$	$	$	$
At 1 July 2012	59,791,934	5,408,557	411,154	(26,931,188)	38,680,457
Loss for year	-	-	-	(3,350,438)	(3,350,438)
Other comprehensive income					
Foreign currency translation differences	-	-	(2,597,967)	-	(2,597,967)
Total other comprehensive loss	-	-	(2,597,967)	-	(2,597,967)
TOTAL COMPREHENSIVE (LOSS) FOR THE YEAR	-	-	(2,597,967)	(3,350,438)	(5,948,405)
Securities issued	-	-	-	-	-
Equity raising costs	-	-	-	-	-
Share based payments	-	108,155	-	-	108,155
At 30 June 2013	59,791,934	5,516,712	(2,186,813)	(30,281,626)	32,840,207
Loss for year	-	-	-	(7,156,735)	(7,156,735)
Other comprehensive income					
Foreign currency translation differences	-	-	664,628	-	664,628
Total other comprehensive income	-	-	664,628	-	664,628
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR	-	-	664,628	(7,156,735)	(6,492,107)
Securities issued	-	-	-	-	-
Equity raising costs	-	-	-	-	-
Share based payments	-	24,641	-	-	24,641
At 30 June 2014	59,791,934	5,541,353	(1,522,185)	(37,438,361)	26,372,741

The above consolidated statement of Changes in Equity should be read in conjunction with the accompanying notes.

NOTE 1. BASIS OF PREPARATION OF THE FINANCIAL REPORT

The following is a summary of the significant accounting policies adopted by Entek Energy Limited A.C.N. 108 403 425 ("Parent Entity" or "Company") and by the Parent Entity and its controlled entities ("Consolidated Entity" or "Group") in the preparation of these financial statements. The financial report was approved by the Board of Directors on 25 September 2014.

Basis of Preparation of Accounts

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) and the Corporations Act 2001. The consolidated financial report of the Group also complies with the International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board.

Separate financial statements for Entek Energy Limited as an individual entity are no longer presented as the consequence of a change to the Corporations Act 2001, however, required financial information for Entek Energy Limited as an individual entity is included in Note 29.

The financial report has been prepared on an accruals basis and is based on a historical cost basis, except for available-for-sale financial assets that have been measured at fair value. The presentation currency used in this financial report is Australian Dollars.

Accounting Policy on New and amended standards and interpretations adopted by the group - Financial year ended 30 June 2014

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2013.

- AASB 10: Consolidated Financial Statements;
- AASB 11: Joint Arrangements;
- AASB 12: Disclosure of Interests in Other Entities;
- AASB 13: Fair Value Measurement;
- AASB 119: Employee Benefits; and
- AASB 127: Separate Financial Statements

Account Standard and Interpretation

AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'

AASB 10 replaces the parts of AASB 127 'Consolidated and Separate Financial Statements' that deal with consolidated financial statements and provides a revised definition of "control" such that an investor controls an investee when:

a) it has power over an investee;
b) it is exposed, or has rights, to variable returns from its involvement with the investee; and
c) has the ability to use its power to affect its returns.

All three of these criteria must be met for an investor to have control over an investee. This may result in an entity having to consolidate an investee that was not previously consolidated and/or deconsolidate an investee that was consolidated under the previous accounting pronouncements.

There have been no changes to the treatment of investees compared to prior year.

AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'

AASB 11 replaces AASB 131 'Interests in Joint Ventures. AASB 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under AASB 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under AASB 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances.

Application of this standard has not impacted on the financial statements of the Group.

AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'

AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of AASB 12 has resulted in more extensive disclosures in the consolidated financial statements.

AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'

The Group has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements, except for share based payment transactions that are within the scope of AASB 2 'Share-based Payment', leasing transactions that are within the scope of AASB 117 'Leases', and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'

AASB 119 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of AASB 119 and accelerate the recognition of past service costs.

All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

Application is AASB 119 Employee Benefits has not impacted on the financial statements for the year ended 30 June 2014.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Group have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

- *AASB 9 Financial Instruments* and associated Amending Standards (applicable for annual reporting period commencing 1 January 2014)

  AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The 2010 revisions introduce additional changes relating to financial liabilities.

  The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

Key changes made to this standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change hedge policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impractical at this stage to provide a reasonable estimate of such impact.

Other standards not yet applicable

These standards are not expected to have a material impact on the entity in the current or future reporting periods.

Standard/Interpretation	**Effective for annual reporting periods beginning on or after**	**Expected to be initially applied in the financial year ending**
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2012-3 'Amendments to Australian	1 January 2014	30 June 2015
Accounting Standards – Offsetting Financial Assets and Financial Liabilities'		
AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015
AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014	30 June 2015
AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities	1 January 2014	30 June 2015
AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015

Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies adopted by the Company in the preparation of these financial statements. The Company is a listed public company limited by shares, incorporated and domiciled in Australia.

a) Basis of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Entek Energy Limited) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 19.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

b) Foreign Currency Translation

The presentation currency of the Company and its Australian subsidiaries is Australian dollars. The functional currency of the Company is Australian dollars. Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences in the consolidated financial report are taken to the Statement of Profit or Loss and other Comprehensive Income. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the Statement of Profit or Loss and other Comprehensive Income. Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The functional currency of overseas subsidiaries is United States dollars. As at the reporting date the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of the Company at the rate of exchange ruling at the reporting date and the Statement of Profit or Loss and other Comprehensive Income are translated at the weighted average exchange rates for the period. The exchange differences arising on the retranslation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the Statement of Profit or Loss and other Comprehensive Income.

c) Taxes

Income Tax

Deferred income tax is provided on all temporary differences at the Statement of Financial Position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Income taxes relating to items recognised directly in equity are recognised in equity and not in the Statement of Profit or Loss and other Comprehensive Income.

d) Employee Benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave. Employee benefits, expenses and revenues arising in respect of wages and salaries; non monetary benefits; annual leave; long service leave and other leave and other employee entitlements are charged against profits on a net basis.

Contributions are made by the Group to employee superannuation funds and are charged as expenses when incurred. The Group has no legal obligation to cover any shortfall in any superannuation fund's obligation to provide benefits to employees on retirement.

e) Cash and Cash Equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with a maturity of three months or less. For the purpose of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts and investments in money market instruments with less than 14 days to maturity.

f) Revenue Recognition

Revenue from services rendered is recognised upon the delivery of goods or services to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except: where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority. Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from the investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

h) Impairment of Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at a revalued amount (in which case the impairment loss is treated as a revaluation decrease). An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the financial statements unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase/decrease. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

i) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership. The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis. Contingent rentals are recognised as an expense in the financial year in which they are incurred.

j) Issued Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

k) Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Land and buildings are measured at fair value less accumulated depreciation. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Buildings – over 20 years
Plant and equipment – over 2 to 15 years
Pipeline – over 25 years

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any indication of impairment exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An item of property, plant and equipment is written off upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on writing off of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

l) Trade and Other Receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

m) Trade and Other Payables

Trade payables and other payables are carried at amortised cost which represents future liabilities for goods and services received, whether or not billed to the Company.

n) Investments:

- Investments and other financial assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

- Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss. The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the Statement of Financial Position date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

Impairment of financial assets:

- Impairment of available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the Statement of Profit or Loss and other Comprehensive Income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

- Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when: the rights to receive cash flows from the asset have expired; the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or the Group has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay. When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

o) Inventories

Inventories are measured at the lower of cost and net realisable value.

p) Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. Due diligence costs associated with exploration and development expenditure are fully written off. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the relevant permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis. Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

q) Share-based Payment Transactions

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (‘equity-settled transactions’). There is currently an Employee Share Option Plan in place to provide these benefits, which provides benefits to directors and executives. The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using the Black & Scholes method. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company (‘market conditions’). The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (‘vesting date’). The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

r) Earnings Per Share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element. Diluted earnings per share is calculated as net profit attributable to members of the Parent Entity, adjusted for: costs of servicing equity; and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

s) Interests in Joint Ventures

The Consolidated Entity’s share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated financial statements. The Consolidated Entity’s interests in joint venture entities are brought to account using the proportionate method of accounting in the consolidated financial statements. The Parent Entity’s interests in joint venture entities are brought to account using the cost method.

t) Comparatives

Comparatives are restated where necessary to ensure disclosure is consistent with the current year.

u) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability, The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

(i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or

(ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

(v) Significant Accounting Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Exploration and evaluation assets

The Group’s accounting policy for exploration and development expenditure is set out in Note 1(p). The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves are found. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under other policy, it is concluded that the Company is unlikely to recover the expenditure by future exploitation or sale, then the relevant capitalised amount will be written off to the Statement of Profit or Loss and other Comprehensive Income.

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Recovery of deferred assets

Deferred tax assets are recognised for deductible temporary differences when management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Black & Scholes model, taking into account the terms and conditions upon which the instruments were granted.

	Consolidated Entity	
	2014	**2013**
	$	**$**
NOTE 2. REVENUE		
Net loss before Income tax expense include the following revenues and expenses where disclosure is relevant in explaining the performance of the consolidated entities:		
REVENUE		
Oil and gas sales	3,239,197	2,377,559
Interest received from other persons	10,468	45,314
	3,249,665	2,422,873
OTHER INCOME		
Profit on sale and farm down of assets (Note 21)	-	2,355,302
Rental Income	43,683	205,468
	43,683	2,560,770
CHARGING AS EXPENSES		
Capitalised exploration written off	(4,515,181)	(2,747,253)
Amortisation of capitalised expenditure	(1,158,227)	(1,249,249)
Impairment of capitalised expenditure	(1,035,078)	(6,955,668)
Depreciation	(879,185)	(546,872)
Consultancy fees	(4,638)	(4,875)
Remuneration of officers and employees	(908,921)	(980,468)
Foreign currency exchange differences	(1,021,384)	5,459,195
Cost of share based payments	(24,641)	(108,155)
Other operating expenses	(902,828)	(1,200,736)
	(10,450,083)	(8,334,081)

NOTE 3. INCOME TAX

Reconciliation of the prima facie income tax on operating loss from ordinary activities with the income tax expense in the financial statements:		
Prima facie income tax benefit on operating loss calculated at 30%	(2,147,021)	(1,005,131)
Cost of share based payments	7,392	32,447
Other	353	6,102
	(2,139,276)	(966,582)
Movement in unrecognised temporary differences	15,044	(555,495)
Income tax benefit not brought to account as realisation of the benefit is not virtually certain	(2,124,232)	1,522,077
INCOME TAX EXPENSE FROM ORDINARY ACTIVITIES	-	-

UNRECOGNISED DEFERRED TAX BALANCES

DEFERRED TAX ASSETS		
Tax losses	15,356,658	13,353,719
Tax losses on capital account	383,162	383,162
Prepayments	-	-
Accrued expenses	14,526	26,999
Provisions for expenses	22,123	20,839
Capital raising costs	120,849	286,855
TOTAL DEFERRED TAX ASSETS	15,897,318	14,071,574
DEFERRED TAX LIABILITIES		
Capitalised Exploration Expenditure/Production Plant and Equipment	(3,190,408)	(2,913,224)
TOTAL DEFERRED TAX LIABILITIES	(3,190,408)	(2,913,224)
NET DEFERRED TAX ASSET NOT BROUGHT TO ACCOUNT	12,706,910	11,158,350

The net future income tax benefit not brought to account includes provisions and capital raising costs that will realise a benefit to the Company only if the Company derives future assessable income of a nature and amount sufficient to enable the benefits to be realised, the Company continues to comply with the conditions for deductibility imposed by law, and no changes in tax legislation adversely affect the ability of the Company to realise the benefits.

NOTE 4. ACCUMULATED LOSSES

Accumulated losses at the beginning of the financial year	(30,281,626)	(26,931,188)
Net (loss) for the financial year	(7,156,735)	(3,350,438)
ACCUMULATED LOSSES AT THE END OF THE FINANCIAL YEAR	(37,438,361)	(30,281,626)

NOTE 5. EARNINGS PER SHARE

Basic earnings per share (cents per share)	(1.40)	(0.66)
Diluted earnings per share (cents per share)	(1.40)	(0.66)
(Loss) used in the calculation of basic EPS	(7,156,735)	(3,350,438)
(Loss) used in the calculation of diluted EPS	(7,156,735)	(3,350,438)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	510,657,387	510,657,387
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted earnings per share	510,657,387	510,657,387

During the year ended 30 June 2014, no options to subscribe for ordinary shares were issued other than 2,000,000 options to subscribe for ordinary shares issued in the current year which were granted in the year ended 30 June 2013. No options were exercised, and 20,500,000 options expired unexercised, leaving 3,000,000 options outstanding at 30 June 2014 (Note 13).

During the year ended 30 June 2013, 3,500,000 options to subscribe for ordinary shares were issued, no options were exercised and 2,250,000 options expired unexercised, leaving 23,500,000 options outstanding at 30 June 2013 (Note 13).

	Consolidated Entity 2014 $	Consolidated Entity 2013 $

NOTE 6. TRADE & OTHER RECEIVABLES

(a) TRADE & OTHER RECEIVABLES (CURRENT)

	2014 $	2013 $
Trade debtors	748,363	682,399
Other debtors and prepayments	304,950	1,214,170
	1,053,313	1,896,569

Other debtors are non-interest bearing and generally on 30 to 60 day terms. The other classes within trade and other receivables do not contain impaired assets and are not past due.

(b) TRADE & OTHER RECEIVABLES (NON CURRENT)

	2014 $	2013 $
Other debtors	199,815	146,598
	199,815	146,598

NOTE 7. INVENTORY (CURRENT)

	2014 $	2013 $
Consumables	56,470	66,946
	56,470	66,946

NOTE 8. PLANT AND EQUIPMENT

	2014 $	2013 $
Plant and Equipment		
At cost	269,334	258,801
Accumulated depreciation	(156,199)	(103,330)
Total Plant and Equipment	113,135	155,471

	2014 $	2013 $
Movements in the carrying amount of each class of plant and equipment		
Plant and Equipment		
At the beginning of the financial year	155,471	128,875
Additions	12,692	63,422
Depreciation expense	(54,569)	(13,950)
Foreign exchange adjustment	(459)	(22,876)
Total Plant and Equipment	113,135	155,471

NOTE 9. EXPLORATION AND PRODUCTION EXPENDITURE

	Consolidated Entity 2014 $	Consolidated Entity 2013 $
(a) CAPITALISED EXPLORATION EXPENDITURE		
Cost of Asset:		
Opening Balance	22,437,692	28,440,140
Additions	8,231,245	3,838,854
Total	30,668,937	32,278,994
Less:		
Asset sales/write downs/farm downs	(4,515,181)	(6,132,122)
Impairment of asset	(1,035,078)	(6,517,931)
Transfer to Production Plant and Equipment	(3,101,876)	-
Foreign Exchange Adjustment	(315,419)	2,808,751
Total	21,701,383	22,437,692
Amortisation Costs:		
Opening Balance	(5,854,740)	(3,984,685)
Disposal	-	-
Charge for the Year	(1,158,227)	(1,249,249)
Foreign Exchange Adjustment	123,646	(620,806)
Accumulated Amortisation	(6,889,321)	(5,854,740)
TOTAL EXPLORATION	14,812,062	16,582,952
(b) PRODUCTION PLANT AND EQUIPMENT		
Cost of Asset:		
Opening Balance	2,454,611	2,233,982
Additions[(1)]	3,101,876	-
Total	5,556,487	2,233,982
Less:		
Disposals	-	-
Foreign Exchange Adjustment	(37,783)	220,629
Total	5,518,704	2,454,611
Amortisation Costs:		
Opening Balance	(1,070,958)	(527,900)
Charge for the Year	(824,616)	(532,922)
Disposal	-	-
Foreign Exchange Adjustment	40,356	(10,136)
Accumulated Amortisation	(1,855,218)	(1,070,958)
TOTAL PRODUCTION PLANT AND EQUIPMENT	3,663,486	1,383,653
TOTAL INTEREST IN NORTH AMERICAN OIL AND GAS PROJECTS	18,475,548	17,966,605

(1) The consolidated entity acquired an interest in Slater Dome Partnership, LLLP of up to 98% since April 2011 to the current year. The Slater Dome Partnership, LLLP owns and operates a pipeline located within the Niobrara Oil Gas play. The consolidated entity's share of the costs of construction of the pipeline has been reclassified from capitalised expenditure to production plant and equipment during the current reporting year. Depreciation of the asset for the current year totalling $326,841 includes $182,254 related to prior years. No adjustment has been made to opening retained earnings.

	Consolidated Entity	
	2014	**2013**
	$	**$**
NOTE 10. TRADE AND OTHER PAYABLES (CURRENT)		
Trade creditors and accrued expenses	418,606	988,654
	418,606	988,654

Trade creditors are non-interest bearing and generally on 30 day terms.
There are no past due creditors included in the above figure.

NOTE 11. PROVISIONS

(a). PROVISIONS (CURRENT)

	2014	2013
Employee entitlements	73,744	69,462
	73,744	69,462

(b). PROVISIONS (NON-CURRENT)

	2014	2013
Provision for rehabilitation	1,460,959	1,424,869
	1,460,959	1,424,869

NOTE 12. ISSUED CAPITAL

	2014	2013
510,657,387 (2013: 510,657,387) fully paid ordinary shares	59,791,934	59,791,934
MOVEMENTS IN ORDINARY SHARES		
At the beginning of the financial year	59,791,934	59,791,934
Movement	-	-
AT THE END OF THE FINANCIAL YEAR	59,791,934	59,791,934

The Company issued no shares during the 2014 or 2013 financial years.

Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from sale of all surplus assets in proportion to the number of, and amounts paid up, of shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at any meeting of the Company.

CAPITAL MANAGEMENT

Management controls the capital of the Group in order to maintain an appropriate debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern. The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements. Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues. There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

	Consolidated Entity	
	2014	2013
	$	$
NOTE 13. RESERVES		
Option premium reserve	5,541,353	5,516,712
Currency translation reserve	(1,522,185)	(2,186,813)
	4,019,168	3,329,899

(a). OPTION PREMIUM RESERVE

MOVEMENTS IN OPTION PREMIUM RESERVE		
At the beginning of the financial year	5,516,712	5,408,557
Share based payments expense	24,641	108,155
AT THE END OF THE FINANCIAL YEAR	5,541,353	5,516,712

The option premium reserve is used to accumulate the fair value of options issued.

At 30 June 2014 there were 3,000,000 unissued ordinary shares for which options were outstanding. These comprise:

Status	Number	Exercise Price	Expiry Date
		$	
Non-Listed	500,000	0.25	30/06/2015
Non-Listed	500,000	0.30	30/06/2015
Non-Listed	1,000,000	0.06	30/06/2016
Non-Listed	1,000,000	0.08	30/06/2016
	3,000,000		

During the year, 20,500,000 options expired.

On 10 September 2013, the Company issued the following Employee Options:

- 500,000 free options exercisable immediately at 6 cents each and expiring on 30 June 2016.
- 500,000 free options exercisable immediately at 8 cents each and expiring on 30 June 2016.
- 500,000 free options which vest and become exercisable on 10 June 2014 at 6 cents each and expiring on 30 June 2016.
- 500,000 free options which vest and become exercisable on 10 June 2014 at 8 cents each and expiring on 30 June 2016.

The issue of these options was in accordance with the Company's Employee Share Option Plan, which was approved at the Annual General Meeting of shareholders held on 25 November 2010.

The executive's 6 cent options were valued on the date of issue at 1.78 cents each using the Black & Scholes method and based on the then price of the ordinary shares of $0.037, a risk free interest rate of 2.56% and a volatility factor of 85.0%.

The executive's 8 cent options were valued on the date of issue at 1.53 cents each using the Black & Scholes method and based on the then price of the ordinary shares of $0.037, a risk free interest rate of 2.56% and a volatility factor of 85.0%.

No options were exercised in the current period.

	Consolidated Entity 2014 $	Consolidated Entity 2013 $

(b). CURRENCY TRANSLATION RESERVE

	2014 $	2013 $
MOVEMENTS IN CURRENCY TRANSLATION RESERVE		
At the beginning of the financial year	(2,186,813)	411,154
Movement for the year	664,628	(2,597,967)
AT THE END OF THE FINANCIAL YEAR	(1,522,185)	(2,186,813)

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

NOTE 14. CASH FLOW INFORMATION

	2014 $	2013 $
RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH (LOSS) AFTER INCOME TAX		
Loss after tax	(7,156,735)	(3,350,438)
Non-cash flows in loss		
Depreciation of plant and equipment	879,185	546,872
Unrealised foreign exchange differences	1,021,384	(5,486,124)
Exploration expenditure written off	5,028,728	8,949,205
Amortisation of capitalised expenditure	1,158,227	1,434,528
Profit on sale of mineral tenements	-	(2,355,302)
Cost of share based payment	24,641	108,155
Changes in assets and liabilities		
Decrease/ (increase) in trade and other receivables	(40,683)	(106,685)
Increase/ (decrease) in other creditors and accruals	(53,858)	15,419
Increase/ (decrease) in provisions	36,416	682,021
NET CASH FROM OPERATING ACTIVITIES	897,305	437,651

RECONCILIATION OF CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the financial year is shown in the accounts as:

	2014 $	2013 $
Cash	8,427,769	15,091,003
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	8,427,769	15,091,003

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.

NON-CASH FINANCING AND INVESTING ACTIVITIES

During the year ended 30 June 2014, the company incurred share based payments of $24,641 (2013 - $108,155).
There are no financing facilities in place for the Company.

	Consolidated Entity	
	2014	2013
	$	$
NOTE 15. AUDITOR'S REMUNERATION		
Remuneration of the auditor of the Company for:		
Auditing or reviewing the financial report	25,429	35,000
Other services	-	-
Remuneration of other auditors of subsidiaries for:		
Auditing or reviewing the financial report of subsidiaries	42,082	34,701
	67,511	69,701

NOTE 16. KEY MANAGEMENT PERSONNEL

Compensation of Key Management Personnel

Compensation by category:

Primary remuneration	1,091,922	1,117,059
Equity remuneration	21,319	18,614
	1,113,241	1,135,673

Detailed remuneration disclosures are provided in the remuneration report on pages 20 to 25.

NOTE 17. SHARE BASED PAYMENTS

During the year ended 30 June 2014 the following share based payments were issued by the Company and by the Consolidated Entity.

	Consolidated Entity 2014		Consolidated Entity 2013	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding at beginning of year	23,500,000	$0.296	22,250,000	$0.330
Granted	-	-	3,500,000	$0.153
Forfeited	(500,000)	$0.275	-	-
Exercised	-	-	-	-
Expired	(20,000,000)	$0.322	(2,250,000)	$0.417
Outstanding and Exercisable at year end	3,000,000	$0.138	23,500,000	$0.296

On 10 September 2013, the Company issued the following Employee Options:

- 500,000 free options exercisable immediately at 6 cents each and expiring on 30 June 2016.
- 500,000 free options exercisable immediately at 8 cents each and expiring on 30 June 2016.
- 500,000 free options which vest and become exercisable on 10 June 2014 at 6 cents each and expiring on 30 June 2016.
- 500,000 free options which vest and become exercisable on 10 June 2014 at 8 cents each and expiring on 30 June 2016.

The issue of these options was in accordance with the Company's Employee Share Option Plan, which was approved at the Annual General Meeting of shareholders held on 25 November 2010.

The executive's 6 cent options were valued on the date of issue at 1.78 cents each using the Black & Scholes method and based on the then price of the ordinary shares of $0.037, a risk free interest rate of 2.56% and a volatility factor of 85.0%.

The executive's 8 cent options were valued on the date of issue at 1.53 cents each using the Black & Scholes method and based on the then price of the ordinary shares of $0.037, a risk free interest rate of 2.56% and a volatility factor of 85.0%.

NOTE 18. SEGMENT INFORMATION

PRIMARY REPORTING BUSINESS SEGMENTS

During the year ended 30 June 2014 and also during the year ended 30 June 2013, the Consolidated Entity operated entirely in the oil and gas industry.

Secondary Reporting Geographical Segments:

	Revenue $	Inter-Segment Revenue $	Total Revenue $	Segment Profit/ (Loss) $	Segment Assets $	Segment Liabilities $
YEAR TO 30 JUNE 2014						
Australasia	3,647,693	(3,593,542)	54,151	(2,509,721)	526,975	138,075
North America	3,239,197	-	3,239,197	(4,647,014)	27,799,075	1,815,234
TOTAL	6,886,890	(3,593,542)	3,293,348	(7,156,735)	28,326,050	1,953,309

	Revenue $	Inter-Segment Revenue $	Total Revenue $	Segment Profit/ (Loss) $	Segment Assets $	Segment Liabilities $
YEAR TO 30 JUNE 2013						
Australasia	4,081,032	(3,274,712)	806,320	4,282,445	898,612	386,338
North America	4,177,323	-	4,177,323	(7,632,883)	34,424,580	2,096,646
TOTAL	8,258,355	(3,274,712)	4,983,643	(3,350,438)	35,323,192	2,482,984

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.

NOTE 19. CONTROLLED ENTITIES

	% Owned		Book value of shares held		Contribution to consolidated loss	
	2014	2013	2014 $	2013 $	2014 $	2013 $
Parent Entity						
Entek Energy Limited						
Entities controlled by Entek Energy Limited						
Entek USA Inc	100%	100%	-	-	(4,647,014)	(7,632,883)
Entities controlled by Entek USA Inc						
Entek USA General LLC	100%	100%	-	-	-	-
Entek USA Limited LLC	100%	100%	-	-	-	-
Entek Energy USA LLC	100%	100%	-	-	-	-
Entek GRB LLC	100%	100%	-	-	-	-
Interests in controlled Entities held by Entek USA General LLC						
Entek USA LP	1%	1%	-	-	-	-
Entities controlled by Entek USA Limited LLC						
Entek USA LP	99%	99%	-	-	-	-
			-	-	(4,647,014)	(7,632,883)

Entek USA Inc, Entek USA Limited LLC, Entek USA General LLC, Entek GRB LLC, and Entek Energy USA LLC are registered in the State of Delaware in the United States of America. Entek USA LP is registered in the State of Texas in the United States of America.

NOTE 20. COMMITMENTS

Superannuation

The Company makes contributions to complying superannuation funds based on the requirements of the Australian Superannuation Guarantee Charge or such higher amount as has been agreed with individual employees. There is a legally enforceable obligation on the Company to contribute to the superannuation plan for those contributions that have been agreed with individual employees as part of their conditions of employment.

Environmental

The company is a 25% interest holder in the joint venture that operates Padre North 975 in the Gulf of Mexico. The estimated cost of abandonment is US$300,000 and this is estimated to occur in one to three years' time. The Company has raised a provision of $79,618 (US$75,000) for refurbishment of the well site. The company is also a 38% interest holder in the joint venture that operates Galveston A133 in the Gulf of Mexico. The estimated cost of abandonment is US$1,500,000 and this is estimated to occur in not less than two years time. The Company has raised a provision of $638,241 (US$601,223) for refurbishment of the well site. The company is fully expected to recover these costs upon sale of the production facilities.

On 1 May 2010, the Company commenced as operator in the Green River Basin region of the United States of America. This basin encompasses parts of the States of Colorado and Wyoming. The Company complies with its environmental obligations in this area, and there have been no significant known breaches of the Company's license or permit conditions. In addition, no Federal or State Government agency has notified the Company of any environmental breaches since commencement as operator. The Company has however provided the amount of $743,100 (US$700,000) in the event any such breach should occur.

Capital

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	Consolidated Entity	
	2014	2013
	$	$
CAPITAL EXPENDITURE COMMITMENTS PAYABLE:		
Rental and Lease Payments		
Not later than 1 year – United States offices	67,756	89,785
Not later than 1 year	104,894	133,226
Later than 1 year but not later than 2 years	120,428	165,425
Later than 2 years but not later than 5 years	-	119,218
	293,078	507,654
Gulf of Mexico Leases Expenditure Payable		
Not later than 1 year	-	105,555
Later than 1 year but not later than 2 years	-	-
Later than 2 years but not later than 5 years	-	-
	-	105,555
Green River Basin Leases Expenditure Payable(1)		
Not later than 1 year	131,738	72,989
Later than 1 year but not later than 2 years	108,959	108,413
Later than 2 years but not later than 5 years	403,093	209,109
	643,790	390,511
TOTAL COMMITMENTS	936,868	1,003,720

(1) There are no legal obligation to renew the Green River Basin lease-holdings however to maintain the current lease position of the Group, the above lease expenditures are treated as committed.

NOTE 21. DISCONTINUED OPERATIONS

(a) During the year ended 30 June 2013 the company sold ATP269P to a third party for $1,702,841. The proceeds included $564,165 for the sale of the asset and $1,138,676 for the reimbursement of exploration expenditures (included in assets held for sale).

	Consolidated Entity	
	2014	**2013**
	$	**$**
Revenue	-	-
Expenses	-	-
Gross Profit/ (Loss)	-	-
PROFIT/ (LOSS) FOR THE PERIOD FROM A DISCONTINUED OPERATION	-	-
Consideration Received	-	1,702,841
Carrying Value of net assets disposed	-	(1,138,676)
PROFIT ON DISPOSAL	-	564,165
TOTAL PROFIT ON DISPOSAL	-	564,165

(b) During the year ended 30 June 2013 the company farmed down its interest in Green River Basin acreage. The company received proceeds of $7,665,767 and made a profit of $1,792,773.

NOTE 22. CONTINGENT LIABILITIES

There are no contingent liabilities as at 30 June 2014.

NOTE 23. CONTINGENT ASSETS

Other than the future income tax benefit (not brought to account) as disclosed in Note 3, no other contingent assets exist as at 30 June 2014.

NOTE 24. FINANCIAL INSTRUMENTS

Financial Risk Management Policies

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable and loans to and from subsidiaries, which arise directly from its operations. The Group's policy is that no trading in financial instruments shall be undertaken. The main purpose of non-derivative financial instruments is to finance group operations. Derivatives are not used by the Group and the Group does not speculate in the trading of derivative instruments.

Treasury Risk Management

The Board considers the Group's financial risk exposure and treasury management strategies in the context of the Group's operations. The Board's overall risk management strategy seeks to assist the Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk, credit risk and price risk. The Board reviews each of these risks on an on-going basis.

Interest rate risk

The Group has no debt that requires the payment of interest.

Financial Instruments	Terms and Conditions and Interest Rate Risk
Bank Deposits	Bank deposits are either held at call, subject to notice of withdrawal or subject to maturity after a specified period of time. All cash held is subject to floating interest rate risk.
Receivables	There are no specific terms and conditions that may affect the amount, timing and certainty of future cash flows as they are all managed on a case by case basis. These are non interest bearing and there is no exposure to interest rate risk.
Accounts Payable	There are no specific terms and conditions that may affect the amount, timing and certainty of future cash flows as they are all managed on a case by case basis. These are non interest bearing and there is no exposure to interest rate risk.
Equity	Details of equity securities issued and outstanding are disclosed separately in these financial statements. These are non interest bearing and there is no exposure to interest rate risk.

Foreign currency risk

The Group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the Group's measurement currency. The Group is also exposed to fluctuations in foreign currencies arising from deposits with banks denominated in foreign currencies. The Group has reviewed this position and is of the view that it is not economic to hedge this exposure.

Liquidity risk

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate funds are available.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements. There are no material amounts of collateral held as security at 30 June 2014. Credit risk is managed on a Group basis and reviewed by the Board. It arises from exposures to customers as well as through deposits with financial institutions. The Board monitors credit risk by actively assessing the quality and liquidity of counter parties, consequently only “A” rated banks are utilised for deposits and all potential customers are assessed for credit worthiness taking into account their size, market position and financial standing. The counterparties included in trade and other receivables at 30 June 2014 are not rated, however, given the amount and nature of these financial instruments, the Board is satisfied that they represent a low credit risk for the Group. There are no significant concentrations of credit risk within the Group.

Price risk

The Group is exposed to commodity price risk through its joint venture interests. Oil prices have remained relatively constant over the last 12 months while gas prices have risen. The Group does not currently hedge the price it sells oil and gas at. The Group is conscious of the fluctuations in the commodity price and monitors such fluctuations with a view to take appropriate actions as and when foreseeable.

Financial instrument composition and maturity analysis

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the Statement of Financial Position.

	Consolidated Entity	
	2014	**2013**
	$	**$**
Trade and sundry payables are expected to be paid as follows:		
Less than 6 months	418,606	988,654
6 months to 1 year	-	-
later than 1 year but not later than 5 years	-	-
over 5 years	-	-
	418,606	988,654

FAIR VALUES

The aggregate net fair values of the Consolidated Entity's financial assets and financial liabilities both recognised and unrecognised are as follows:

	CARRYING AMOUNT IN THE FINANCIAL STATEMENTS 2014 $	AGGREGATE NET FAIR VALUE 2014 $	CARRYING AMOUNT IN THE FINANCIAL STATEMENTS 2013 $	AGGREGATE NET FAIR VALUE 2013 $
Financial Assets				
Cash assets	8,427,769	8,427,769	15,091,003	15,091,003
Receivables	965,307	965,307	682,399	682,399
Financial Liabilities				
Payables	418,606	418,606	988,654	988,654
Borrowings	-	-	-	-

The following methods and assumptions are used to determine the net fair value of financial assets and liabilities:

Cash assets, borrowings and financial assets are carried at amounts approximating fair value because of their short term nature to maturity. Receivables and payables are carried at amounts approximating fair value.

Listed investments held at balance date have been valued at the quoted market bid price at balance date, adjusted for transaction costs expected to be incurred. For unlisted investments where there is no organised financial market, the net fair value has been based on a reasonable estimation of the underlying net assets or discounted cash flows of the investment.

SENSITIVITY ANALYSIS

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk and foreign currency risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

INTEREST RATE SENSITIVITY ANALYSIS

At 30 June 2014, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Consolidated Entity 2014 $	**Consolidated Entity 2013 $**
CHANGE IN PROFIT/ (LOSS) DUE TO:		
Increase in interest rate by 2%	5,426	25,013
Decrease in interest rate by 2%	(5,426)	(25,013)
CHANGE IN EQUITY DUE TO:		
Increase in interest rate by 2%	5,426	25,013
Decrease in interest rate by 2%	(5,426)	(25,013)

Foreign Currency Risk Sensitivity Analysis

At 30 June 2014, the effect on loss and equity as a result of changes in the foreign currency rate, with all other variables remaining constant would be as follows:

	Consolidated Entity	
	2014	2013
Change in profit/ (Loss) due to:	$	$
Improvement in AUD to USD by 5%	(2,671,940)	(3,378,258)
Decline in AUD to USD by 5%	2,671,940	3,378,258
Change in equity due to:		
Improvement in AUD to USD by 5%	(2,671,940)	(3,378,258)
Decline in AUD to USD by 5%	2,671,940	3,378,258

Financial instruments measured at fair value:

	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Consolidated				
2014				
Financial Assets				
Financial assets at fair value through profit of loss:				
- derivative instruments	-	-	-	-
- investments - held-for-trading	-	-	-	-
Held-to-maturity investments				
- fixed interest securities	-	-	-	-
Available-for-sale financial assets:				
- listed investments	-	-	-	-
- unlisted investments	-	-	-	-
	-	-	-	-

	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
2013				
Financial Assets				
Financial assets at fair value through profit or loss:				
- derivative instruments	-	-	-	-
- investments - held-for-trading	-	-	-	-
Held-to-maturity investments				
- fixed interest securities	-	-	-	-
Available-for-sale financial assets				
- listed investments	-	-	-	-
- unlisted investments	-	-	-	-
	-	-	-	-

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets have been based on the closing quoted bit prices at reporting date, excluding transaction costs.

In valuing unlisted investments, included in Level 2 of the hierarchy, valuation techniques such as those using comparisons to similar investments for which market observable prices are available have been adopted to determine the fair values of these investments.

Derivative instruments are included in Level 3 of the hierarchy with the fair values being determined using valuation techniques incorporating observable market data relevant to the hedged position.

NOTE 25. RELATED PARTY TRANSACTIONS

There are no related party transactions other than those discussed in the Director's Remuneration Report with key management personnel.

NOTE 26. DIVIDENDS

No dividends have been paid or proposed during the year.

NOTE 27. WORKING INTERESTS

The Consolidated Entity has a 100% working interest in the exploration blocks GA212 and GA213. At June 30 the Company wrote off the GA212 and GA213 blocks in the Gulf of Mexico even though they will be retained by the Company until their expiry in February 2015.

The Consolidated Entity has a 25% working interest in the exploration and development of North Padre Island Block 975, Federal Outer Continental Shelf.

The Consolidated Entity has a 38% working interest in the exploration and development of Galveston Block A133, Federal Outer Continental Shelf.

The Consolidated Entity owns leases based in the states of Colorado and Wyoming (USA) in the Niobrara Oil Resource play ranging in ownership interests from 20% to 100% resulting in some 59,000 net acres across approximately 155,000 gross acres.

The Consolidated entity has a 97% interest in Slater Dome Partnership, LLLP which owns a pipeline located within the Niobrara Oil Gas play. Refer Note 9(b)

NOTE 28. EVENTS SUBSEQUENT TO BALANCE DATE

Entek GRB LLC leases minerals from the U.S. government in Northern Colorado. Certain of these leases are unitised in a federally-approved unit. Some of the surface within the unit is "split" from the minerals and is privately owned. Stull Ranches LLC (Stull) owns some of this "split estate" surface within the unit. Entek sought to cross Stull's surface within the unit on a pre-existing road to reach wells on federal surface within the unit, but Stull objected.

On 14 August 2014, the U.S. Tenth Circuit Court of Appeals decided that Entek, as operator of the Focus Ranch Unit, is entitled to use unitised surface anywhere in the unit in order to develop unitised minerals from anywhere within the unit. Going forward, in order to fulfill its statutory requirements, Entek may reach a satisfactory surface use agreement with Stull or Entek may submit a bond to the BLM for access in lieu of an agreement.

Since the ruling Stull has filed a petition for rehearing at the Tenth Circuit. Entek has responded to the court on the filing for rehearing as requested. At this time the Company awaits a ruling from the court on whether the rehearing will be granted or denied.

No other matters or circumstances have arisen since the end of the financial year 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.

NOTE 29. PARENT FIGURES DISCLOSURES

	30 June 2014 $	30 June 2013 $
ASSETS		
Current Assets	465,743	898,612
Non-current assets	61,727,453	60,009,753
Total assets	62,193,196	60,908,365
LIABILITIES		
Current liabilities	138,073	386,337
Total liabilities	138,073	386,337
NET ASSETS	62,055,123	60,522,028
EQUITY		
Issued capital	59,791,934	59,791,934
Retained earnings	(3,278,164)	(4,786,618)
RESERVES		
Option premium reserve	5,541,353	5,516,712
Total equity	62,055,123	60,522,028
Profit for the year	1,508,454	7,557,157
Other comprehensive income		
Total comprehensive Income	1,508,454	7,557,157

The recoverability of the parent entity's non-current assets is dependent on the ultimate realisation of the North American exploration assets.

GUARANTEES ENTERED INTO BY THE PARENT ENTITY IN RELATION TO THE DEBTS OF ITS SUBSIDIARIES		
Guarantees provided	-	-
Contingent liabilities of the parent entity	-	-

COMMITMENT FOR THE ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT BY THE PARENT ENTITY		
Not longer than one year	-	-
Longer than one year and not longer than five years	-	-
Longer than five years	-	-
	-	-

Stantons International Audit and Consulting Pty Ltd
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ENTEK ENERGY LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Entek Energy Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Stantons International

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of Entek Energy Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
  (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 19 to 24 of the directors' report for the year ended 30 June 2014. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards

Auditor's opinion
In our opinion the remuneration report of Entek Energy Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001.*

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

Stantons International Audit & Consulting Pty Ltd

Martin Michalik
Director

West Perth, Western Australia
30 September 2014

AUDIT INDEPENDENCE DECLARATION

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

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www.stantons.com.au

30 September 2014

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 Audit Director for the audit of the financial statements of Entek Energy Limited for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

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

Martin Michalik

Martin Michalik
Director

ADDITIONAL INFORMATION
AS AT 17 SEPTEMBER 2014

ANALYSIS OF HOLDINGS OF LISTED SHARES AND OPTIONS IN THE COMPANY

	Ordinary Shares
1 — 1,000	350
1,001 — 5,000	468
5,001 — 10,000	486
10,001 — 100,000	1,508
100,001 — and over	607
Total number of holders	3,419
Holdings of less than a marketable parcel	1,351

ANALYSIS OF HOLDINGS OF UNLISTED SHARES AND OPTIONS IN THE COMPANY

	Options expiring 30 June 2015	Options expiring 30 June 2016
1 - 1,000	0	0
1,001 - 5,000	0	0
5,001 - 10,000	0	0
10,001 - 100,000	0	0
101,001 - and over	1	1
Total number of holders	1	1

REGISTERED OFFICE OF THE COMPANY

338 Hay Street
Subiaco
Western Australia 6008

Tel: +61 (8) 9213 4388
Fax: +61 (8) 9213 4399

STOCK EXCHANGE LISTING

Quotation has been granted for all ordinary shares on the Australian Securities Exchange. The State Office of the Australian Securities Exchange in Perth, Western Australia has been designated the Home Branch of Entek Energy Limited.

There are no current on-market buy-back arrangements for the Company.

SHARE REGISTRY

The registers of shares and options of the Company are maintained by:-

Computershare Registry Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth, Western Australia 6000

Tel: +61 (8) 9323 2000
Fax: +61 (8) 9323 2033

COMPANY SECRETARY

The name of the company secretary is Ms Nerida Lee Schmidt.

TAXATION STATUS

Entek Energy Limited is taxed as a public company.

ADDITIONAL INFORMATION
AS AT 17 SEPTEMBER 2014

VOTING RIGHTS

For all ordinary shares, voting rights are one vote per member on a show of hands and one vote per share in a poll.

TWENTY LARGEST HOLDERS OF ORDINARY SHARES

	Number of Shares	Percentage of Total
UBS Nominees Pty Ltd	24,980,398	4.89%
HSBC Custody Nominees(Australia) Limited	21,897,417	4.29%
Topspeed Pty Ltd<Skinner No 1 Super A/C>	18,145,545	3.55%
Miningnut Pty Ltd	17,500,000	3.43%
GDR Pty Ltd <The Riley Super Fund A/C>	14,174,919	2.78%
Mr James David Taylor	13,095,933	2.56%
Mr James David +Mrs Marion Amy Taylor <ITS Management S/F A/C>	8,452,494	1.66%
Ian Sandover & Associates Pty Ltd<Sandover Super A/C>	8,000,000	1.57%
Struven Nominees Pty Ltd <Alan Strunin Staff S/F A/C>	6,125,000	1.20%
AF Consulting Pty Ltd <AF Investments S/Fund A/C>	6,000,000	1.17%
Mr Kieran James Mann	5,941,652	1.16%
Mr Kenneth John Bull	5,000,000	0.98%
Vector Nominees Pty Ltd<The Wright Family A/C>	5,000,000	0.98%
J P Morgan Nominees Australia Limited	4,586,136	0.90%
Weiner Pty Ltd	4,406,124	0.86%
Citicorp Nominees Pty Limited	4,383,870	0.86%
A M Riley Pty Ltd <A M Riley Super Fund A/C>	4,174,919	0.82%
Ice Cold Investments Pty Ltd	4,000,000	0.78%
Secor Pty Ltd <Sandover Family No 1 A/C>	3,800,000	0.74%
Alexander Forcke	3,531,259	0.69%
	183,195,666	35.87%

TWENTY LARGEST HOLDERS OF OPTIONS EXPIRING 30 JUNE 2015

	Number of Options	Percentage of Total
Ms Kristen Stocks	1,000,000	100%
	1,000,000	100%

TWENTY LARGEST HOLDERS OF OPTIONS EXPIRING 30 JUNE 2016

	Number of Options	Percentage of Total
Ms Kim Parsons	2,000,000	100%
	2,000,000	100%

INTERESTS IN OIL & GAS TENEMENTS

LEASE		INTEREST
UNITED STATES – OFF SHORE - GALVESTON:		
(Federal Outer Continental Shelf Blocks)		
Block A133, Galveston		38%
Block 212, Galveston		100%
Block 213, Galveston		100%
UNITED STATES – OFF SHORE – PADRE NORTH:		
(Federal Outer Continental Shelf Block)		
Block 975, Padre North-A11 Well		25%
UNITED STATES – ON SHORE – GREEN RIVER BASIN		
Colorado	- Battle Mountain AMI – Counties: Routt, Moffat	20%
	- Focus Ranch – County: Routt	89%
	- Entek area of interest (AOI) leases	100%
Wyoming	- Battle Mountain AMI – County: Carbon	20%
	- Entek area of interest (AOI) leases	100%

PRINCIPLES OF GOOD CORPORATE GOVERNANCE AND BEST PRACTICE RECOMMENDATIONS

INTRODUCTION

The directors are focussed on fulfilling their responsibilities individually, and as a Board, for the benefit of all the Company's stakeholders. That involves recognition of, and a need to adopt, principles of good corporate governance. The Board supports the guidelines on the "Principles of Good Corporate Governance and Best Practice Recommendations" established by the ASX Corporate Governance Council.

Given the size and structure of the Company, the nature of its business activities, the stage of its development and the cost of strict and detailed compliance with all of the recommendations, it has adopted a range of modified systems, procedures and practices which it considers will enable it to meet the principles of good corporate governance.

The Company's practices are mainly consistent with those of the guidelines and where they do not correlate with the recommendations in the guidelines the Company considers that its adopted practices are appropriate to it. At the end of this statement a table is included detailing the recommendations with which the Company does not strictly comply.

The following section addresses the Company's practices in complying with the principles.

PRINCIPLE 1: LAYING SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Role and Responsibilities of the Board

The Board exists to lead and oversee the management and direction of the Company.

After appropriate consultation with executive management the Board:

- defines and sets its business objectives and subsequently monitors performance and achievements of those objectives;
- it oversees the reporting on matters of compliance with corporate policies and laws, takes responsibility for risk management processes and a review of executive management of the Company;
- monitors and approves financial performance and budgets; and
- reports to shareholders.

PRINCIPLE 2: STRUCTURING THE BOARD TO ADD VALUE

Composition of the Board

The names of the directors of the Company and their qualifications are set out in the section headed "Information on Directors and Company Secretary" in the directors' report of this the Annual Financial Report. The composition of the Board is determined so as to provide the Company with a broad base of industry, business, technical, administrative, financial and corporate skills and experience considered necessary to represent shareholders and fulfil the business objectives of the Company.

The recommendations of best practice are that a majority of the directors and in particular the chairperson should be independent. An independent director is one who:

- does not hold an executive position;
- is not a substantial shareholder of the Company or an officer or otherwise associated directly or indirectly with a substantial shareholder of the Company;
- has not within the last 3 years been employed in an executive capacity by the Company or another Group member or been a director after ceasing to hold such employment;
- is not a principal of a professional adviser to the Company or another Group member;
- is not a significant supplier or customer of the Company or another Group member, or an officer of, or otherwise associated directly or indirectly with a significant supplier or customer;
- has no significant contractual relationship with the Company or any other Group member other than as a director of the Company; and
- is free from any interest and any business or other relationship which could or could reasonably be perceived to materially interfere with the director's ability to act in the best interests of the Company.

Mr Graham Riley meets these criteria from 1 February 2011, Mr Alexander Forcke from 15 February 2011 and Mr Andrew Padman from 1 September 2008. Mr Graham Riley has been the Chairman of the Board from 1 February 2011.

Nomination of Other Board Members

Membership of the Board of Directors is reviewed on an on-going basis by the Chairman of the Board to determine if additional core strengths are required to be added to the Board in light of the nature of the Company's businesses and its objectives. The Board does not believe that at this point in the Company's development it is necessary to appoint additional directors.

Independent Advice

Each director of the Company or a controlled entity has the right to seek independent professional advice at the expense of the Company or the controlled entity, however prior approval of the Chairman is required which will not be unreasonably withheld.

PRINCIPLE 3: PROMOTION OF ETHICAL AND RESPONSIBLE DECISION MAKING

Directors, officers, employees and consultants to the Company are required to observe high standards of behaviour and business ethics in conducting business on behalf of the Company and they are required to maintain a reputation of integrity on the part of both the Company and themselves. The Company does not contract with or otherwise engage any person or party where it considers integrity may be compromised.

Directors are required to disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the director or the interests of any other party in so far as it affects the activities of the Company and to act in accordance with the Corporations Act if conflict cannot be removed or if it persists. That involves taking no part in the decision making process or discussions where that conflict does arise.

Directors are required to make disclosure of any share trading. The Company policy in relation to share trading is that officers are prohibited to trade whilst in possession of unpublished price sensitive information concerning the Company or within a period of the release of results i.e. the blackout period. That is information which a reasonable person would expect to have a material affect on the price or value of the Company's shares. An officer must receive authority to acquire or sell shares with the directors or the Company Secretary prior to doing so to ensure that there is no price sensitive information of which that officer might not be aware. The undertaking of any trading in shares must be notified to the ASX.

Principle 4: Safeguarding Integrity in Financial Reporting

The Company has an Audit Committee that operates under a formal charter. The Committee is made up of three Non-Executive Directors. It has an Independent Chair that is not Chair of the Board. The Committee meets a minimum of twice a year. The Chairman of the Committee reports to the Board at the next Board meeting after each Committee meeting.

A director does make a statement to the shareholders that the Company's financial reports present a true and fair view in all material respects of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

Principle 5: Making Timely and Balanced Disclosure

All directors, executives and staff are required to abide by all legal requirements, the Listing Rules of the Australian Securities Exchange and the highest standards of ethical conduct. This includes compliance with the continuous disclosure requirements of the listing rules.

The Company Secretary is the person responsible for overseeing and co-ordinating disclosure of information to ASX as well as communicating with the ASX.

Principle 6: Respecting the Rights of Shareholders

The Board's fundamental responsibility to shareholders is to work towards meeting the Company's objectives so as to add value for them.

The Board seeks to inform shareholders of all major developments affecting the Company by:

- preparing half yearly and yearly financial reports;
- preparing quarterly cash flow reports and reports as to activities;
- making announcement in accordance with the listing rules and the continuous disclosure obligations;
- posting all of the above on the Company's website;
- annually, and more regularly if required, holding a general meeting of shareholders and forwarding to them the annual report, if requested, together with notice of meeting and proxy form; and
- voluntarily releasing other information which it believes is in the interest of shareholders.

The Annual General Meeting enables shareholders to receive the reports and participate in the meeting by attendance or by written communication. The Board seeks to notify all shareholders so they can be fully informed annually for the voting on the appointment of directors and so as to enable them to have discussion at the Annual General Meeting with the directors and/or the auditor of the Company who is invited to the Annual General Meeting.

PRINCIPLE 7: RECOGNISING AND MANAGING RISK

The Board is conscious of the need to continually maintain systems of risk management and controls to manage all of the assets and affairs of the Company.

The risk management includes asset risk, operational risk, personnel health and safety risk, currency fluctuation risk, amongst others. The Company identifies and manages those risks on a case by case and overall corporate basis.

A formal written policy on risk management was adopted by the Board. The Board reviews this policy at its monthly Board meetings.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

A Remuneration Committee has been established.

One third of the directors retires annually in accordance with the Constitution and is free to seek re-election by shareholders.

Each member of the Board has committed to spending sufficient time to enable them to carry out their duties as a director of the Company.

A maximum amount of remuneration for non-executive directors is fixed by shareholders in general meeting and can be varied in that same manner. In determining the allocation the Board takes account of the time demands made on the directors together with such factors as fees paid to other corporate directors and to the responsibilities undertaken by them.

TABLE OF DEPARTURES AND EXPLANATIONS (FROM THE RECOMMENDATIONS OF THE ASX CORPORATE GOVERNANCE COUNCIL)

"Recommendation" Ref ("Principle No" Ref followed by Recommendation Ref)	Departure	Explanation
2.4	A separate Nomination Committee has not been formed.	The Board comprises four members each of who have valuable contributions to make in fulfilling the role of a nomination committee member. A director will excuse himself where there is a personal interest or conflict.

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ENERGY LIMITED

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