

## ***COMMENCEMENT OF BATTLE MOUNTAIN AMI DRILLING PROGRAM***

Entek Energy Limited is pleased to advise the commencement of the 2015 Battle Mountain AMI drilling program with the spudding of the Cobb 12-7-HA1 ("Cobb 12-7") well on 5 July 2015 in the US. The Cobb 12-7 well is the first of three wells scheduled to be drilled and tested this year by the Operator of the Battle Mountain AMI, GRMR, a private company associated with East Resources, Inc. Entek owns a 20% working interest in the Battle Mountain AMI and related leases, with GRMR holding the remaining 80%.

The Cobb 12-7 well is located in the southern part of the Battle Mountain 3D seismic survey (refer map below) and is to be drilled as a high angle directional well aimed to intersect naturally fractured fault zones within the Niobrara oil bearing formation. The target measured depth of the well is 9,995 feet. As at 18:30 local US time on 5 July 2015 the well was drilling ahead at 220 feet.



*Drilling Rig on Cobb 12-7 Well Location*

The Cobb 12-7 well is scheduled to be followed by the drilling of the McKee 5-16-H1 (McKee 5-16) and State 15-8 wells which are also located within the Battle Mountain 3D seismic survey as shown on the map below. The construction of the well pads for the second and third wells is already underway.

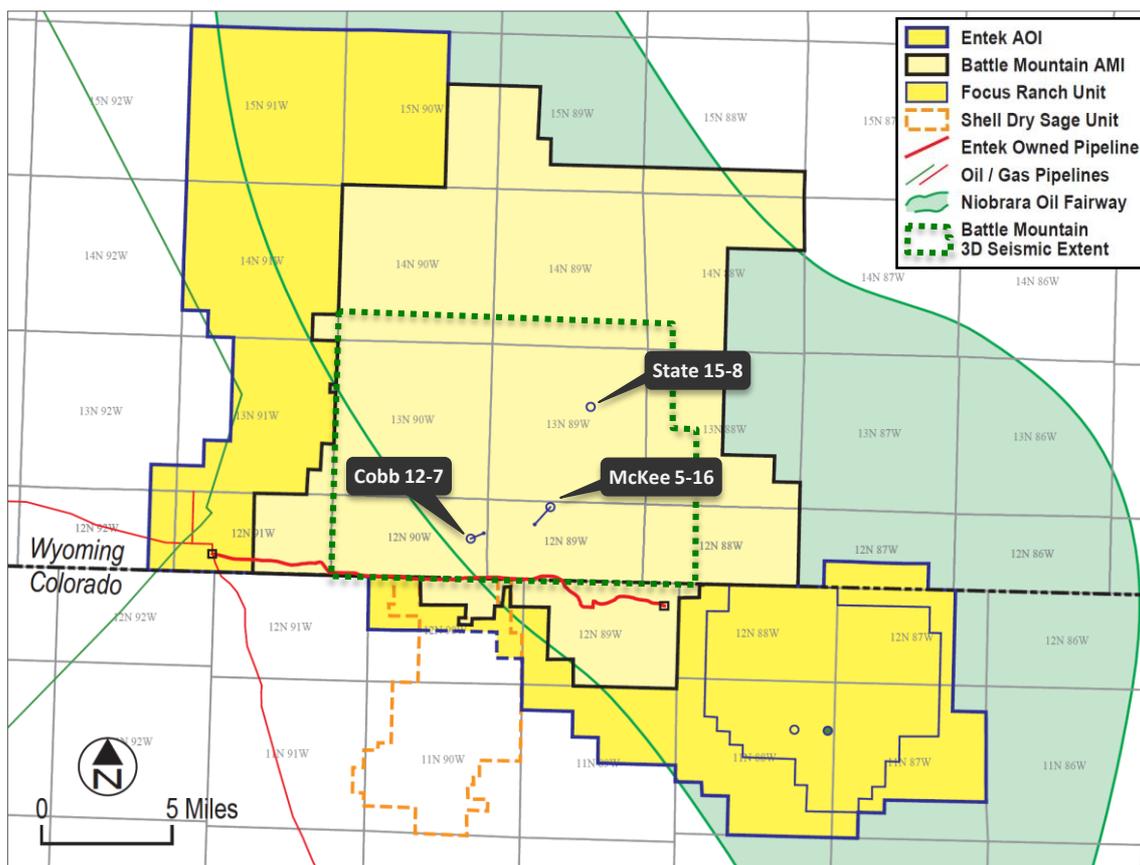
McKee 5-16 is to be drilled as a horizontal well, with the lateral section of the well targeting interpreted highly fractured zones within the Niobrara Formation. State 15-8 will be drilled as a vertical well to test a clearly defined structural closure with multiple conventional reservoir targets as well as the Niobrara

Formation. Further information on these two wells will be provided during the course of the drilling campaign.

This three well drilling program forms part of the 2013 transaction between Entek and GRMR pursuant to which Entek is fully free carried in all drilling, completion and testing costs associated with these three wells for its 20% working interest. GRMR is entitled to receive 100% of any revenue earned from these wells until it has recovered all relevant costs incurred on these wells on a combined well basis ("Payout"). Following Payout, Entek will be entitled to receive net revenue applicable to its 20% working interest in these wells.

As is common practice amongst private E&P operating companies in the US, the Operator (GRMR) has designated these wells as "tight holes" to restrict the disclosure of information regarding well drilling and any subsequent production for commercial/competitor reasons, in the best interest of both Entek and GRMR. However, the continuous disclosure obligations which Entek is subject to as a publically listed ASX company are acknowledged and accepted by GRMR. Accordingly, during the course of this drilling program, and consistent with the confidentiality obligations owed to GRMR, Entek will be providing regular updates on relevant well progress and reporting on results that Entek is obligated to disclose pursuant to ASX guidelines.

An updated investor presentation with additional details of this drilling program and other Entek operations will be released in due course.



Map showing Entek's Niobrara Land Position & Location of the three Battle Mountain AMI Wells

*Entek Energy's Managing Director, Trent Spry, commented:*

*"We are very pleased about the commencement of this continuous three well drilling program with our partner GRMR. Entek and GRMR formed the Battle Mountain AMI two years ago as part of the transaction which was transformational for Entek and our Niobrara Oil Resource Project. Since that time GRMR have acquired and funded a modern and highly valuable 3D seismic survey across a large part of our jointly owned leases, and this was followed by a period of extensive geophysical work and interpretation to identify numerous well locations leading to this initial three well drilling campaign.*

*The three locations chosen for this year provide an excellent combination of target types spread across the 3D seismic area to test the commercial flow potential of both the Niobrara Oil Resource Project as well as a structural closure with multiple conventional and unconventional targets. Significantly, in contrast to previous exploration efforts undertaken by both Entek and earlier operators of these leases, this drilling campaign has the key advantage of being based on 3D seismic data which enables the more robust identification of highly fractured zones within the Niobrara Formation and has also revealed numerous additional target types.*

*It is also important to note that this will be the first time that horizontal drilling is utilised to target the Niobrara Formation within Entek's lease position of over 165,000 gross acres. This has been a significant step in the evolution of resource plays in other areas where horizontal well designs have enabled commercial oil and gas production.*

*For these wells, GRMR is drawing on its previous drilling and well completion experience in the southern part of the Sandwash Basin where it successfully produces from the Niobrara with horizontal well designs without the need for fracture stimulation. This significantly shifts the economics for this play.*

*We are excited to have finally reached this point of our exploration campaign and look forward to successful well results over the coming months and adding significant value to Entek's asset base and share price."*

For further information contact:

TRENT SPRY

**Competent Persons Statement:**

Information in this report that relates to Hydrocarbon Reserves / Resources is based on information compiled by Mr. Trent Spry, Executive Director of Entek Energy Limited who has consented to the inclusion of that information in the form and context in which it appears. Mr. Spry is highly qualified and has over 20 years experience in geoscience in the petroleum industry, both in Australia and internationally.

**ENTEK AT A GLANCE**

Entek is US focussed with a substantial acreage position in the Niobrara Oil Resource Play, including an area of enhanced potential due to embedded Igneous Intrusive Sills. Entek's US portfolio is balanced with non-operated production and royalty interests in the Gulf of Mexico.

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