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**ELIXIR PETROLEUM LIMITED**

ACN 108 230 995

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**NOTICE OF GENERAL MEETING**

**The General Meeting of the Company will be held at 1202 Hay Street, West Perth WA 6005 on Friday 29 March 2019 at 11am (WST)**

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

***Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on (08) 9226 2111.***

# ELIXIR PETROLEUM LIMITED

ACN 108 230 995

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## NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of shareholders of Elixir Petroleum Limited (**Company**) will be held at 1202 Hay Street, West Perth WA 6005 on Friday 29 March at 11am (AWST) (**Meeting**).

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

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 27 March 2019 at 5.00 pm (AWST).

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in Schedule 4.

## A G E N D A

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### Resolution 1 – Approval of Equal Reduction of Capital

To consider and, if thought fit, to pass, the following Resolution as an **ordinary resolution**:

*“That, for the purposes of section 256B and section 256C(1) of the Corporations Act, and for all other purposes, approval is given for the Company to reduce the share capital of the Company by the Company making a pro rata in specie distribution of up to 200,000,000 Entek Convertible Preference Shares to Eligible Shareholders, on the terms and conditions set out in the Explanatory Memorandum”.*

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### Resolution 2 – Approval to change Company name

To consider and, if thought fit, to pass, the following Resolution as a **special resolution**:

*“That, with effect from the date that ASIC alters the details of the Company’s registration in accordance with section 157 of the Corporations Act, the name of the Company be changed to Elixir Energy Limited”.*

Dated 27 February 2019

**BY ORDER OF THE BOARD**



**Dougal Ferguson**  
Managing Director

# ELIXIR PETROLEUM LIMITED

ACN 108 230 995

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## EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the General Meeting of Elixir Petroleum Limited. The Directors recommend Shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions. Shareholders should read the full text of this Explanatory Memorandum and, if in any doubt, should consult with their professional advisers.

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

Terms and abbreviations used in this Explanatory Memorandum are defined in Schedule 4.

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## 1. OVERVIEW OF SALE OF ALASKAN LEASES TO ENTEK AND IN SPECIE DISTRIBUTION

### 1.1 Background to the Distribution

The Company owns 100% of the share capital of Emerald House LLC, an Alaskan entity (**Emerald**). Emerald currently holds a 100% working interest in three oil and gas leases (comprising 35,423 acres) within the National Petroleum Reserve - Alaska on the Alaskan North Slope (**NPR-A**) (**Existing Alaskan Leases**).

On 29 November 2018, the Company announced that it had entered into a binding agreement (**Sale Agreement**) with Entek Energy Limited (**Entek**) which granted Entek an exclusive option to acquire the Company's entire Alaskan lease position by acquiring 100% of the issued capital of Emerald for a consideration of up to 200,000,000 Entek Convertible Preference Shares. The consideration for the Sale Agreement is further described in Section 1.2.

On 13 December 2018, the Company announced that it was the highest bidder on an additional 10 leases (comprising an additional 114,167 acres) within the NPR-A (**Additional Alaskan Leases**) and the United States Bureau of Land Management (**BLM**) advised that the Company may accept the Additional Alaskan Leases by following the BLM lease sale process. On completion of the Sale Agreement (**Completion**), Entek will acquire the Existing Alaskan Leases and any Additional Alaskan Leases accepted by the Company (together, the **Alaskan Leases**) and the consideration payable for the acquisition will be adjusted according to the formula in the Sale Agreement (refer to Section 1.2 for further details).

On 1 February 2019, the Company announced that Entek had formally exercised its option under the Sale Agreement to acquire Emerald and its working interest in the Alaskan Leases. Since that time the Company and Entek have been working to satisfy the various conditions precedent in the Sale Agreement. These conditions precedents are described in more detail in Section 1.2.

On 18 February 2019, the Company announced that it had dispatched all executed documents to the BLM for acceptance of the Additional Alaskan Leases. On acceptance of the Additional Alaskan Leases the Company was required to pay the BLM approximately USD 1.25 million for the balance of the bid payments and the first year's advance rentals due on these leases. Such amounts are due to be repaid by Entek to Elixir in cash upon Completion (see Section 1.2 for further details). Entek agreed to provide Elixir with a bridging loan of USD 500,000 (**Loan Amount**) to assist with the funding of such amounts to the BLM (**Loan**). The Loan Amount will be offset against the Cash Payment. Refer to Section 1.2 for further details.

It is proposed that subject to Shareholder approval, the Company make an in specie pro rata distribution of all Entek Convertible Preference Shares received by the Company at Completion to Shareholders on a pro-rata basis (**In Specie Distribution**).

## 1.2 Summary of the Sale Agreement

### ***Consideration***

The consideration payable by Entek for the acquisition of the Company's wholly owned subsidiary, Emerald, under the Sale Agreement is a maximum of 200,000,000 Entek Convertible Preference Shares, at a deemed value of \$0.015 each and with a total value equal to 125% of the amount spent by the Company to acquire and explore its Alaskan acreage position.

Entek Convertible Preference Shares are convertible preference shares with limited voting rights which will automatically convert into Entek Shares on a one for one basis on the Business Day after the In Specie Distribution. The full terms and conditions on which the Entek Convertible Preference Shares will be issued are set out in Parts 1 and 2 of Schedule 2.

The exact number Entek Convertible Preference Shares to be received by Shareholders depends on the actual verified expenditure incurred by the Company in acquiring and exploring the Alaskan Leases up to Completion. Based on present calculations, the Company estimates the number of Entek Convertible Preference Shares to be issued at Completion to be approximately 185,000,000 Entek Convertible Preference Shares.

Under the Sale Agreement, Entek is also required to reimburse Elixir in cash for any bonus bid amounts paid on the Additional Alaskan Leases, less the Loan Amount, and any annual rentals paid on the Alaskan Leases by Elixir to the BLM during the period from execution of the Sale Agreement to Completion (**Cash Payment**).

Entek paid Elixir an option fee of \$50,000 to secure the option to acquire Emerald under the Sale Agreement. At completion, the option fee will be offset against the value of the consideration.

### ***Requirement for In Specie Distribution of Entek Convertible Preference Shares***

Under the Sale Agreement, the Company is required, subject to obtaining shareholder approval, to make the In Specie Distribution of all of the Entek Convertible Preference Shares received by the Company on Completion to Shareholders within 10 Business Days following Completion.

### ***Loan***

A summary of the material terms of the Loan are as follows:

- (Loan Amount): USD 500,000;
- (Purpose): The purpose of the Loan is to supplement the cash consideration payable to the BLM for the balance due of the bonus bid payments on the Additional Alaskan Leases;
- (Term): If Shareholders do not vote for in favour of the transaction, the Loan is repayable by the Company within 30 days of the Meeting (being the General Meeting the subject of this Notice). If Entek shareholders do not vote in favour of the transaction, the Loan is repayable by the Company within 60 days of the Elixir shareholder meeting;
- (Security): The Loan is secured by a general security deed over all of the Company's assets and undertakings.
- (Interest): 12% per annum, only payable if the does not complete.
- (Default): If the Company defaults on repayment, Entek may elect to convert the Loan into a 17.5% working interest in the Company's entire Alaskan lease portfolio, being approximately 150,000 acres, in lieu of exercising its rights under the security.

### ***Conditions to Completion***

Completion under the Sale Agreement is conditional upon:

- (a) Entek obtaining shareholder approval of the transactions contemplated by the Sale Agreement including approval of the issue of the Entek Convertible Preference Shares;
- (b) Entek obtaining all necessary regulatory approvals to complete the Sale Agreement and any other approvals or consents required in connection with the Alaskan Leases;
- (c) Entek remaining listed on ASX and not being suspended and having not less than \$2,750,000 in cash and not greater than 310,000,000 Entek Shares and 30,000,000 Entek Options on issue immediately prior to Completion;
- (d) Entek complying with any other regulatory requirements in relation to the acquisition of Emerald, including that ASX approve the terms of the Entek Convertible Preference Shares;
- (e) Entek receiving in-principle advice from the ASX to the effect that the Entek Convertible Preference Shares (pre and post conversion into Entek Shares) when transferred to Shareholders under the In Specie Distribution will not be subject to escrow except in relation to Entek Convertible Preference Shares transferred to related parties of the Company or Entek);
- (f) Entek having made an offer to Mr Dougal Ferguson (currently the Managing Director of the Company) to become the Managing Director of Entek on terms no less favourable than his current terms of employment with the Company; and
- (g) the Company obtaining shareholder approval of the In Specie Distribution. Resolution 1 seeks this approval.

As at the date of this Notice, the conditions precedent in paragraphs (b) and (e) above have been satisfied. In relation to the condition precedent in paragraph (d) above, ASX has approved the terms of the Entek Convertible Preference Shares (refer to Section 2.14(e) for further details).

### ***Prospectus for In Specie Distribution***

Under the Sale Agreement Elixir is required to issue a prospectus for the In Specie Distribution in accordance with the Corporations Act and ASIC policy at the same time as issuing this Notice.

The prospectus for the In Specie Distribution is attached to this Notice.

### ***Escrow***

As outlined above, the Sale Agreement is conditional upon the Entek Convertible Preference Shares (pre and post conversion into Entek Shares) not being subject to escrow restrictions for the purposes of the Listing Rules when transferred to Shareholders under the In Specie Distribution, except in relation to Entek Convertible Preference Shares transferred to related parties of the Company or Entek.

Entek, with input from the Company, made submissions to ASX regards the escrow treatment of the Entek Convertible Preference Shares to be transferred to Shareholders under the in Specie Distribution. The ASX approvals and waivers received by Entek as at the date of this Notice are set out in Section 2.14(e).

### ***Representations and warranties***

The Sale Agreement contains standard commercial representations and warranties regarding Emerald and the Alaskan Leases given by the Company and Emerald in favour of Entek.

### ***Appointment of Managing Director***

On Completion, Mr Dougal Ferguson will be appointed Managing Director of Entek and remain a non-executive director of the Company. Mr Ferguson's Managing Director duties at the Company will transition to Mr Neil Young, who will continue as Chief Executive Officer of the Company. No other changes to the board of Entek or the Company are expected.

### 1.3 Shareholder Approval for the Equal Reduction of Capital

Pursuant to Resolution 1, the Company is seeking shareholder approval to make an equal reduction of capital by distributing all Entek Convertible Preference Shares received by the Company at Completion in-specie directly to Shareholders. Shareholders will continue to hold an indirect interest in the Alaskan Leases by virtue of holding Entek Convertible Preference Shares and Entek Shares issued on conversion of the Entek Convertible Preference Shares.

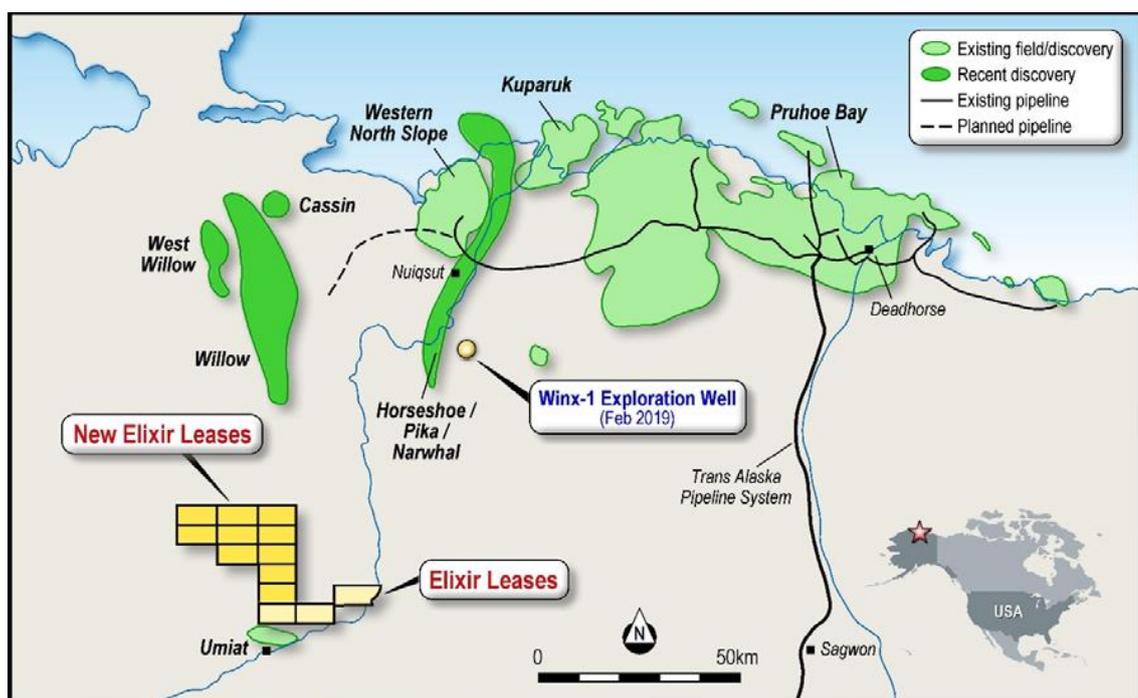
### 1.4 The Alaskan Leases

The Alaskan Leases are situated in the highly prospective Nanushuk oil play region located within the NPR-A which is managed by the United States Bureau of Land Management. The Existing Alaskan Leases were originally awarded in 2014 for a period of 10 years, expiring 1 March 2024. The Additional Leases will be valid for a 10 year period from award. Annual rentals are US\$3/acre which must be paid on or before the lease anniversary date in order to retain the leases. The lessor is the BLM which is entitled to receive a 12.5% royalty from commencement of production on the Leases.

The Company acquired the Existing Alaskan Leases in November 2018 for a consideration consisting of reimbursement to the vendors of back costs totalling US\$803,859 together with a 5% overriding royalty interest (ORRI) on the leases. The Company also entered into an area of mutual interest (AMI) with the original vendors whereby the vendors could not compete with the Company for new leases within the AMI. When the Additional Alaskan Leases are awarded, the vendors 5% ORRI on the Company's Existing Alaskan Leases will decrease to a 1.5% ORRI across the majority of the total Alaskan lease position of the Company.

To the north of Alaskan Leases, ConocoPhillips is appraising its Willow Field. To date, ConocoPhillips report discoveries estimated at up to 750 MMBOE (ConocoPhillips investor presentation dated 30 October 2018) with further appraisal wells to be drilled in early 2019. To the immediate south of the Alaskan Leases, the Umiat Field holds an estimated 1,000 MMBbls OOIP (Linc Energy Presentation 28 February 2013).

Existing 2D seismic suggests the existence of stratigraphic reservoirs similar to those observed in Willow Field. The Willow Field is primarily a stratigraphic reservoir system, consisting of the shallower Nanushuk formation and the deeper Torok formation. Whilst the shallower Nanushuk formations have been identified as the location of existing discoveries, the deeper Torok formations are identified as having potential for further discoveries. Similar formations are observed and interpreted on the existing seismic over the Alaskan Leases with current analyses suggesting that they are on trend with Willow Field Existing vintage (see map below).



## **1.5 Advantages and disadvantages of the In Specie Distribution**

The Directors are of the view that the following non-exhaustive list of advantages and disadvantages may be relevant to a Shareholder's decision on how to vote on Resolution 1:

### ***Advantages***

- a. Shareholders will retain their current shareholding in the Company and also receive a proportional share in Entek. Shareholders will retain exposure to the potential of the Alaskan Leases through their shareholding in Entek.
- b. Following the In Specie Distribution, the Company will be focussed on realising value from its Nomgon IX CBM PSC through its recent acquisition of Golden Horde Limited in Mongolia, without the ongoing exposure to potential risks and costs associated with the Alaskan Leases.
- c. Following payment of the Cash Payment to Elixir on Completion, Entek is expected to have sufficient cash on hand to progress the exploration activities on the Alaskan Leases without the immediate need for additional capital.

### ***Disadvantages***

- a. Shareholders will no longer have control of the Alaskan Leases and their future exploration development and other activities in relation to the Alaskan Leases.
- b. Shareholders will have a diluted interest in the Alaskan Leases through their shareholding in Entek.

## **1.6 Future of the Company following successful completion of the In Specie Distribution**

Following completion of the In Specie Distribution, the Company will focus on realising value from its Nomgon IX CBM PSC in Mongolia. As announced on 17 December 2018, the Company has completed the acquisition of Golden Horde Limited and has an active exploration programme planned for 2019.

The Nomgon IX CBM PSC has recently been the subject of an independent prospective resource report completed by ERCE which verified the world class potential of the PSC area which is proximate to the Chinese border. The report determined the PSC to have a risked prospective resource of 7.6 TCF gas (refer to the Company's ASX announcement dated 19 November 2018 for more details and applicable cautionary statement).

## **1.7 Future of the Company if the In Specie Distribution does not proceed**

In the event Shareholders do not approve the In Specie Distribution, the Company will retain the Alaskan Leases and deal with them as follows:

- a. Continue exploration activities on the Alaskan Leases; and
- b. Potentially seek farm-in partners or consider other commercially attractive proposals to progress the exploration efforts and retain exposure to the Alaskan Leases for the Company's Shareholders.

## **1.8 Directors' Voting Intentions and Recommendation**

The Directors have each provided Entek with voting intention statements that confirm that they will vote all Shares (refer to Section 2.12 for further details) in favour of the Distribution Resolution subject to various conditions including Entek not being in material breach of the Sale Agreement. The Directors will also use best endeavours to ensure the Shareholder approvals for the transaction are passed including meeting with key shareholders and taking all steps reasonably necessary to solicit proxy votes in favour of such resolutions.

After considering all relevant factors, the Directors unanimously recommend the Shareholders vote in favour of Resolution 1 for the following reasons:

- (a) after a full and proper assessment of all available information they believe that the proposed In Specie Distribution following the sale of Emerald, who holds the Alaskan Leases, to Entek is in the best interests of Shareholders and the Company;
- (b) in the opinion of the Directors, the advantages of the In Specie Distribution outweigh its disadvantages as set out in Section 1.5; and
- (c) the Directors are satisfied that the In Specie Distribution is the best option available to realise the value of the Alaskan Leases in the current circumstances of the Company.

Resolution 1 is an ordinary resolution.

## 2. Resolution 1 - Approval of Equal Reduction in Capital

### 2.1 Background and overview of the equal capital reduction

As set out in Section 1.1, the Company has entered into the Sale Agreement pursuant to which the Company has agreed to sell, and Entek has agreed to purchase, 100% of the working interest in the Alaskan Leases by acquiring 100% of Emerald, a wholly owned subsidiary of the Company.

The consideration payable by Entek for the acquisition of Emerald under the Sale Agreement is a maximum of 200,000,000 Entek Convertible Preference Shares, at a deemed value of \$0.015 each and with a total value equal to 125% of the amount spent by the Company to acquire and explore its Alaskan acreage position. The exact number Entek Convertible Preference Shares to be received by Shareholders depends on the actual verified expenditure incurred by the Company in acquiring and exploring the Alaskan Leases up to Completion. The Company will also be reimbursed by Entek in cash for any bonus bid amounts paid on the Additional Alaskan Leases, less the Loan Amount, and any annual rentals paid on the Alaskan Leases by Elixir to the BLM during the period from execution of the Sale Agreement to Completion. Refer to Section 1.2 Further details on the consideration payable by Entek under the Sale Agreement

It is proposed that, subject to Shareholder approval, the Company will make an in specie pro rata distribution of all Entek Convertible Preference Shares received by the Company at Completion to Eligible Shareholders on a pro-rata basis.

Based on present calculations, the Company estimates the number of Entek Convertible Preference Shares to be issued at Completion to be approximately 185,000,000 Entek Convertible Preference Shares. Based on the number of Shares currently on issue (384,763,323) and assuming 5,000,000 Performance Rights convert into Shares on Completion, but no Options and no other Performance Rights are exercised or converted into Shares prior to the Record Date, the effect of Completion and completion of the In Specie Distribution is set out below.

	Number of Entek Convertible Preference Shares issued to the Company at Completion	Number of Entek Convertible Preference Shares transferred to Eligible Shareholders via the In Specie Distribution	Ratio of Entek Convertible Preference Shares received by Shareholders <sup>(2)</sup>	Approximate equity interest of Shareholders (collectively) in Entek <sup>(3)</sup>
<b>Maximum number of Entek Convertible Preference Shares issued under Sale Agreement</b>	200,000,000	200,000,000	1 Entek Convertible Preference Share for every 1.94 Share held on Record Date	39.63%
<b>Number of Entek Convertible Preference Shares to</b>	185,000,000	185,000,000	1 Entek Convertible Preference Share for	37.78%

<i>be issued based on present calculations<sup>(1)</sup></i>			every <b>2.10</b> Share held on Record Date	
Notes:				
(1)	Estimate only and based on calculations as at the date of this Notice including the expenditure on the Alaskan Leases to date. This estimate may change depending on a range of factors including unexpected changes to expenditure on the Alaskan Leases prior to Completion.			
(2)	The number of Entek Convertible Preference Shares to be issued to each Shareholder based on each Shareholder's total holding in the Company will be rounded down to the nearest whole Entek Convertible Preference Share.			
(3)	Based on the current number of Entek Shares on issue being 304,728,934. Assumes that Entek does not issue any Entek Shares other than as contemplated in this Notice and that no Entek Options convert into Entek Shares prior to Completion.			

Relevant general information in respect of the In Specie Distribution is set out in Section 1.2. In addition, the following specific information is provided.

## 2.2 Timetable

The anticipated timetable for the capital reduction and in specie distribution is set out below. The timetable is dependent on the timing of Completion and the final timetable will be released to the ASX once it is known.

Prospectus and Notice of Meeting lodged with ASIC/ASX	27 February 2019
Despatch of Prospectus and Notice of Meeting to Shareholders to approve the capital reduction	27 February 2019
General Meeting to approve the capital reduction and the Company notifies the ASX that the Shareholders have approved Resolution 1	29 March 2019
Entek Shareholder Meeting to approve the transaction	3 April 2019
Completion of Sale Agreement regarding the Alaskan Leases	10 April 2019
Ex-date for the capital reduction – the date on which Shares commence trading without the entitlement to participate in the In Specie Distribution	11 April 2019
Record Date for the capital reduction	12 April 2019
Completion of the In Specie Distribution of the Entek Convertible Preference Shares to Eligible Shareholders	23 April 2019
Date holding statements are sent to Eligible Shareholders for the Entek Convertible Preference Shares	23 April 2019
Conversion of Entek Convertible Preference Shares into Entek Shares	24 April 2019
Date holding statements are sent to Eligible Shareholders for the Entek Shares issued on conversion of the Entek Convertible Preference Shares	24 April 2019

The timetable above (other than the date of the General Meeting) is indicative only and may be changed at the discretion of the Directors (subject to the Listing Rules) or as required by ASX.

## 2.3 Entek Convertible Preference Shares not listed

The Entek Convertible Preference Shares will not be listed on the ASX.

Under the Sale Agreement, Entek has agreed to apply to ASX for official quotation of the Entek Shares issued on conversion of the Entek Convertible Preference Shares.

## 2.4 Requirements under section 256B and section 256C of the Corporations Act

The In Specie Distribution of the Entek Convertible Preference Shares to Eligible Shareholders by way of capital reduction is an equal reduction of capital under the Corporations Act. Under section 256C of the Corporations Act, an equal reduction must be approved by an ordinary resolution passed at a general meeting of the Company.

Section 256B of the Corporations Act provides that the Company may only reduce its share capital if the reduction:

- (a) is fair and reasonable to the Shareholders as a whole;
- (b) does not materially prejudice the Company's ability to pay its creditors; and
- (c) is approved by Shareholders under section 256C of the Corporations Act.

For the reasons set out in this Explanatory Memorandum, the Directors are of the view that the proposed capital reduction is fair and reasonable to Shareholders and that the reduction of capital will not prejudice the Company's ability to pay its creditors.

## 2.5 The effect of the proposed equal reduction of capital on the Company

If the In Specie Distribution is approved, the share capital and net assets of the Company will be reduced by the value of the Entek Convertible Preference Shares held by the Company. Each Entek Convertible Preference Share will be issued at a deemed value of \$0.015 and the total value of all Entek Convertible Preference Shares issued at Completion will be equal to 125% of the amount spent by the Company to acquire and explore its Alaskan acreage position less the \$50,000 option fee, up to a maximum value of \$3,000,000.

The reduction in the share capital and net assets of the Company via the In Specie Distribution will be equal to the value of the Entek Convertible Preference Shares issued at Completion based on the price of Entek Shares at Completion. As at the date of this Notice, the valuation of the Entek Convertible Preference Shares is provided as follows:

	Number of Entek Convertible Preference Shares issued	Total value of Entek Convertible Preference Shares <sup>(2)</sup>	Value of Entek Convertible Preference Shares per Share <sup>(2)(3)</sup>
<b>Maximum number of Entek Convertible Preference Shares issued under Sale Agreement</b>	200,000,000	\$3,000,000	0.77 cents
<b>Number of Entek Convertible Preference Shares to be issued based on present calculations<sup>(1)</sup></b>	185,000,000	\$2,775,000	0.71 cents

Notes:

- (1) Estimate only and based on calculations as at the date of this Notice including the expenditure on the Alaskan Leases to date. This estimate may change depending on a range of factors including unexpected changes to expenditure on the Alaskan Leases prior to Completion.
- (2) Based on the deemed issue price of \$0.015 per Entek Shares under the Sale Agreement. As at the date of this Notice, the price per Entek Share on ASX is \$0.010. If the price per Entek Share on ASX at Completion is less than the deemed issue price per Entek Share under the Sale Agreement then the value of Entek Convertible Preference Shares received will be less than stated above.

(3)	Based on the current number of Shares on issue, being 384,763,323 plus 5,000,000 Shares to be issued on conversion of Performance Rights which are expected to convert on Completion and prior to the Record Date, but assumes no Options or other Performance Rights are exercised or converted into Shares prior to the Record Date.
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Subject to passing of Resolution 1, the Company will advise Shareholders of the value of the reduction of capital per Share as at the date of the In Specie Distribution.

A pro forma balance sheet of the Company as at 30 June 2018 is contained in Part 1 of Schedule 1 which shows the financial impact of the capital reduction on the Company.

## **2.6 The effect of the proposed equal reduction of capital on Shareholders**

The Entek Convertible Preference Shares will be distributed to Shareholders on a pro-rata basis, with fractional entitlements to be rounded down to the nearest whole Entek Convertible Preference Share. Shareholders will not be required to pay any additional consideration for the Entek Convertible Preference Shares. The terms of the capital reduction are the same for each Shareholder (subject to Section 2.11).

As at the date of this Notice of Meeting, the Company has 384,763,323 Shares on issue. No additional Shares will be issued as a result of the In Specie Distribution. Assuming no Options are exercised and only 5,000,000 of the Performance Rights currently on issue convert into Shares prior to Completion, the Company will have 389,763,323 Shares on issue as at the Record Date.

The Directors propose to distribute all Entek Convertible Preference Shares received at Completion to the Shareholders on the Record Date. The ratios for the In Specie Distribution depending on the number of Entek Convertible Preference Shares issued at Completion is set out in Section 2.1.

If any existing Options are exercised prior to the Record Date, this will impact on the number of Entek Convertible Preference Shares distributed to each Shareholder. A summary of the financial impact of the capital reduction is set out in Part 1 of Schedule 1 which shows a pro forma balance sheet of the Company as at 30 June 2018.

The number of Shares held by Shareholders will not change, and Shareholders will retain their current percentage shareholding interest in the Company, after the In Specie Distribution. However, if the In Specie Distribution is implemented, the book value of the Shares will be less than the book value of the Shares held prior to the In Specie Distribution because, after the In Specie Distribution, the Company will no longer own Emerald who holds the 100% working interest in the Alaskan Leases. The decrease in book value per Share, based on the Company having 389,763,323 Shares on issue as described above, is equal to the valuation of the Entek Convertible Preference Shares, which is provided at Section 2.5. The rights attaching to Shares will not be altered by the In Specie Distribution.

A general guide to the taxation implications of the capital reduction is set out in Section 2.17. The description is expressed in general terms and is not intended to provide taxation advice in respect of the particular circumstances of any Shareholder. Shareholders should obtain professional advice as to the taxation consequences of the capital reduction in their specific circumstances.

Given the capital reduction is equal and the Company will still have positive net assets following the In Specie Distribution the Directors consider the capital reduction is fair and reasonable to Shareholders as a whole.

## **2.7 The effect of the proposed equal reduction of capital on Option holders**

In order to receive Entek Convertible Preference Shares pursuant to the In Specie Distribution Option holders must exercise their Options and be registered on the Company's Share register on the Record Date.

In accordance with the terms and condition of the existing Options, the number of Options on issue following the In Specie Distribution will remain the same, but the exercise price of each Option will be reduced by the amount of capital returned in relation to each Share. The value of the return of capital per Share as at the date of this Notice of Meeting is provided at Section 2.5.

The exercise price of each Option held by Option holders will be adjusted on the following basis:

*Adjusted exercise price of each Option after In Specie Distribution = A - B*

*A = Existing exercise price of each Option*

*B = the value of the capital return per Share*

Subject to Shareholders passing Resolution 1, the Company will update Option holders of the value of the return of capital per Share as at the date of the In Specie Distribution and the impact on the exercise price of each Option remaining on issue at the time of completion of the In Specie Distribution.

## 2.8 The effect of the proposed equal reduction of capital on Performance Right holders

In order to receive Entek Convertible Preference Shares pursuant to the In Specie Distribution, holders of Performance Rights must have their Performance Rights converted into Shares and be registered on the Company's Share register on the Record Date.

In accordance with the terms and conditions of existing Performance Rights, the rights of a holder will not be varied as a result of the In Specie Distribution.

## 2.9 Capital Structure of the Company

The Company's current capital structure as at the date of this Notice and following Completion and completion of the In Specie Distribution is set out below:

	Shares <sup>(5)</sup>	Options <sup>(5)</sup>	Performance Rights
<b>Current</b>	384,764,232	101,462,537 <sup>(1)</sup>	22,500,000 <sup>(2)</sup>
<b>Following Completion and completion of the In Specie Distribution</b>	389,764,232 <sup>(3)</sup>	101,462,537 <sup>(2)</sup>	17,500,000 <sup>(3)(4)</sup>

Notes:

- (1) Assumes the entire shortfall under the rights issue completed by the Company which closed on 21 January 2019 is placed, and comprises:
- (a) 8,000,000 unlisted Options exercisable at \$0.04 expiring on 30 September 2019; and
  - (b) 93,462,537 listed Options exercisable at \$0.075 expiring on 31 December 2020.
- (2) Comprises:
- (a) 5,000,000 Class F Performance Rights which convert into Shares on a one for one basis on Board approval of a corporate transaction that introduced new capital or alternative funding to progress the exploration of the Alaskan leases by the date that is 18 months from the date of issue.
  - (b) 10,000,000 Class D Performance Rights which convert into Shares on a one for one basis on satisfaction of the drilling and testing of two coal bed methane wells within the PSC by the date that is 18 months after the date of issue; and
  - (c) 7,500,000 Class C Performance Rights which convert into Shares on a one for one basis on a final investment decision, approved by the Board of the Company and the Mongolian Government, for a pilot production test within the Mongolia CBM PSC by the date that is five years from the date of issue.
- (3) Assumes 5,000,000 Class F Performance Rights have converted on a one for one basis into Shares on Completion.
- (4) Comprises:
- (a) 10,000,000 Class D Performance Rights; and
  - (b) 7,500,000 Class C Performance Rights.
- (5) Assumes no Options are exercised prior to the Record Date.

## 2.10 Capital Structure of Entek

Below is a table showing the capital structure of Entek pre and post Completion and completion of the In Specie Distribution. The Entek Convertible Preference Shares have been included in the table below as Entek Shares on the basis that the Entek Convertible Preference Shares will convert on the Business Day after the In Specie Distribution occurs.

	Entek Shares	Entek Options
Balance at the date of this Notice	304,728,934	26,000,000 <sup>(3)</sup>
Balance following completion of the In Specie Distribution assuming maximum amount of Entek Convertible Preference Shares are issued <sup>(1)</sup>	504,728,934	26,000,000 <sup>(3)</sup>
Balance following completion of the In Specie Distribution assuming anticipated amount of Entek Convertible Preference Shares are issued <sup>(2)</sup>	489,728,934	26,000,000 <sup>(3)</sup>
Notes:		
(1)	Represents the maximum number of Entek Convertible Preference Shares to be issued under the Sale Agreement, being 200,000,000. Refer to Section 1.2 for further details.	
(2)	Number of Entek Convertible Preference Shares to be issued on Completion based on present calculations, being 185,000,000. Refer to Section 1.2 for further details. This is an estimate only and based on calculations as at the date of this Notice including the expenditure on the Alaskan Leases to date. This estimate may change depending on a range of factors including unexpected changes to expenditure on the Alaskan Leases prior to Completion.	
(3)	Comprising:	
(a)	10,000,000 Entek Options exercisable at \$0.04 expiring on 31 March 2020;	
(b)	3,000,000 Entek Options exercisable at \$0.048 expiring on 28 November 2020;	
(c)	3,000,000 Entek Options exercisable at \$0.072 expiring on 28 November 2020;	
(d)	3,000,000 Entek Options exercisable at \$0.096 expiring on 28 November 2020;	
(e)	1,000,000 Entek Options exercisable at \$0.048 expiring on 4 December 2021;	
(f)	1,000,000 Entek Options exercisable at \$0.072 expiring on 4 December 2021;	
(g)	1,000,000 Entek Options exercisable at \$0.096 expiring on 4 December 2021; and	
(h)	4,000,000 Entek Options exercisable at \$0.048 expiring on 4 December 2021.	

## 2.11 Overseas Shareholders

Distribution of the Entek Convertible Preference Shares to Overseas Shareholders pursuant to the In Specie Distribution will be subject to the legal and regulatory requirements in the relevant overseas jurisdiction.

If, in the opinion of the Directors, the requirements of any jurisdiction where an Overseas Shareholder is resident restricts or prohibits the distribution of Entek Convertible Preference Shares as proposed or would impose on the Company an undue obligation or burden, the Entek Convertible Preference Shares to which the relevant Overseas Shareholders would otherwise be entitled will be sold by the Company on behalf of those Shareholders as soon as practicable after the Record Date. The Company will then account to the relevant Shareholders for the net proceeds of the sale after deducting the costs and expenses of the sale.

The net proceeds of sale to be distributed to the relevant Overseas Shareholders may be more or less than the notional dollar value of the Entek Convertible Preference Shares as set out in this Notice.

## 2.12 Directors' interests

Set out in the table below are details of Directors' relevant interests in the Securities of the Company at the date of this Notice and the maximum number of Entek Convertible Preference Shares that they are entitled to receive if Resolution 1 is passed based on their current holding of Shares:

Director	Shares Held	Options Held	Performance Rights Held	Entitlement to Entek Convertible Preference Shares <sup>(6)</sup>
Ray Barnes	711,666	1,177,916 <sup>(1)</sup>	-	366,838
Dougal Ferguson	14,092,666	2,000,000 <sup>(2)</sup>	2,500,000 <sup>(4)</sup>	8,552,920
Scott Patrizi	1,458,333	1,364,583 <sup>(3)</sup>	-	751,718
Neil Young	19,473,306	-	17,500,000 <sup>(5)</sup>	10,037,786

Notes:

(1) Comprising:

(a) 1,000,000 unlisted Options exercisable at \$0.04 expiring on 30 September 2019; and

(b) 177,916 listed Options exercisable at \$0.075 expiring on 31 December 2020.

(2) Comprising:

(a) 1,000,000 unlisted Options exercisable at \$0.04 expiring on 30 September 2019; and

(b) 1,000,000 listed Options exercisable at \$0.075 expiring on 31 December 2020.

(3) Comprising:

(a) 1,000,000 unlisted Options exercisable at \$0.04 expiring on 30 September 2019; and

(b) 364,583 listed Options exercisable at \$0.075 expiring on 31 December 2020.

(4) Class F Performance Rights which convert into Shares on a one for one basis on Board approval of a corporate transaction that introduced new capital or alternative funding to progress the exploration of the Alaskan leases by the date that is 18 months from the date of issue. These Performance Rights (along with a further 2,500,000 issued to a consultant of the Company) are expected to convert to Share on Completion and prior to the Record Date.

(5) Comprising:

(a) 7,500,000 Class C Performance Rights which convert into Shares on a one for one basis on a final investment decision, approved by the Board of the Company and the Mongolian Government, for a pilot production test within the Mongolia CBM PSC by the date that is five years from the date of issue following his appointment to the Board on completion of the GOH Option; and

(b) 10,000,000 D Performance Rights which convert into Shares on a one for one basis on the drilling and testing of two coal bed methane wells within the PSC by the date that is 18 months after the date of issue.

(6) Assumes no Options or Performance Rights, other than those referred to in Note 4 above, held by Directors are exercised or convert into Shares prior to the Record Date.

No Director other than Dougal Ferguson has an interest in any securities in Entek as at the date of this Notice. Mr Ferguson has a legal and beneficial interest in 3,750,000 Entek Shares and a beneficial interest in 3,250,000 Entek Options (each exercisable at \$0.04 and expiring on 31 March 2020) as at the date of this Notice.

## 2.13 Directors' remuneration

In accordance with the Constitution, the Shareholders have approved an aggregate amount of up to \$500,000 per annum to be paid as non-executive Directors' fees.

It is currently resolved that Directors' fees are \$45,000 per annum for the Chairman (Ray Barnes) and \$36,000 per annum for Non-Executive Directors (inclusive of statutory superannuation contributions). Payments of Director's fees will be in addition to any payments to Directors in any employment or consultancy capacity.

Dougal Ferguson currently receives annual remuneration of \$260,000 (inclusive of superannuation), which includes fees for his roles as Managing Director and Company Secretary of the Company. As set out in Section 1.2, on Completion Mr Ferguson will be appointed Managing Director of Entek (on terms no less favourable than his current terms of employment with the Company) and will remain a non-executive director of the Company. Mr Ferguson's Managing Director duties at the Company will transition to Mr Neil Young.

Mr Neil Young is an Executive Director and Chief Executive Officer of the Company. Mr Young receives a salary of \$250,000 per annum including statutory superannuation.

The table below sets out the remuneration provided to the Directors or their related entities for the preceding two financial years prior to this Prospectus.

Directors	Year	Salary & Fees \$	Bonus and other Payments \$	Super-annuation \$	Share Based Payments \$	Total \$
Mr Raymond Barnes	June 18	\$42,750	-	-	-	\$42,750
	June 17	\$36,000	-	-	-	\$36,000
Mr Dougal Ferguson	June 18	\$237,443	\$26,000	\$22,557	-	\$286,000
	June 17	\$237,443	-	\$22,557	-	\$260,000
Mr Neil Young	June 18	-	-	-	-	-
	June 17	-	-	-	-	-
Mr Scott Patrizi	June 18	\$33,000	-	-	-	\$33,000
	June 17	\$17,419	-	-	-	\$17,419

Mr Ferguson also received fees totalling \$15,000 (excluding GST) from Entek during the period from November 2016 to March 2017 for introducing and facilitating a capital raising and assisting with the placement of shortfall under a rights issue.

## 2.14 Information on Entek

### (a) Overview

Entek is an oil and gas exploration company with its previous operations being located in the Green River Basin in the United States.

Entek currently has 304,728,934 Entek Shares and 26,000,000 Entek Options on issue. Further details on the current capital structure of Entek is set out in Section 2.10. Refer to Section 2.1 for further details of the interest that Shareholders will hold (collectively) in Entek following Completion and completion of the In Specie Distribution.

### (b) Entek's Projects

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

### (c) Future strategy and plans

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

(d) **Board & Management of Entek**

The Board of Entek is comprised of the following persons:

***Mr Mark McAuliffe - Executive Chairman***

Mr McAuliffe commenced his career with Downing & Downing in 1981 becoming managing partner in 1987. In 1989 Mr McAuliffe established his own legal advisory firm – McAuliffe & Associates and in 2011 that became McAuliffe Legal. In addition to law Mr McAuliffe also has extensive and varied resources experience having being Executive Chairman of Hazelwood Resources Ltd for six years and enjoying non-executive director roles with companies including Swick Mining Services Ltd and Vital Metals Ltd.

***Peter Stickland – Non Executive Director***

Peter has over 25 years' global experience in oil and gas exploration. Peter is currently a non-executive director of Melbana Energy Ltd (ASX:MAY) ("Melbana") and was CEO of Melbana from 2014 until early 2018 during which time he led the restructuring of the company and secured the Block 9 PSC in Cuba. Peter was also CEO of Tap Oil Limited (ASX: TAP) from 2008 until late 2010 during which time he oversaw the evolution of the company into a South East Asia/Australia focused E&P Company. Earlier, Peter had a successful career with BHP Billiton including a range of technical and management roles. Peter is an Honorary Life Member of the Australian Petroleum Production and Exploration Association Limited (APPEA) and was a member of the APPEA Board of from 2009 to 2017

***Mr Anthony Walsh – Non Executive Director***

Mr Walsh has over 30 years' experience in dealing with listed companies, ASX, ASIC and corporate transactions including 14 years with the ASX in Perth where he acted as ASX liaison with the JORC committee, four years as Chairman of an ASX listed mining explorer and as a director of a London AIM listed explorer.

(e) **Entek ASX waivers and applications**

As at the date of this Notice, Entek has obtained:

- ASX approval of the terms of the Entek Convertible Preference Shares; and
- A waiver of Listing Rule 9.1.3, to the extent necessary to permit Entek not to apply the restrictions in Appendix 9B of the Listing Rules to the Entek Convertible Preference Shares to be issued to Shareholders other than those Entek Convertible Preference Shares to be issued to related parties of the Company or Elixir (or their associates) which will be escrowed for 12 months.

Entek will seek shareholder approval of the terms of the Entek Convertible Preference Shares under section 254A of the Corporations Act and shareholder approval pursuant to Listing Rule 7.1 to issue the Entek Convertible Preference Shares to the Company (which will be distributed to Shareholder under the In Specie Distribution).

## **2.15 Rights attaching to the Entek Convertible Preference Shares**

The full terms and conditions on which the Entek Convertible Preference Shares will be issued is set out in Part 1 of Schedule 2.

A summary of the terms and condition of the Entek Shares that will be issued on conversion of the Entek Convertible Preference Shares is set out in Part 2 of Schedule 2.

## **2.16 Risk factors**

On completion of the In Specie Distribution, the Shareholders will become direct shareholders in Entek and should be aware of the general and specific risks that may affect Entek and the value of its securities. These risk factors are outlined in Schedule 3.

## **2.17 Tax consequences**

This Section outlines the likely Australian income tax implications for certain Shareholders from the transfer by the Company to them of Entek Shares as a consequence of the In Specie Distribution.

The information outlined in this section is limited solely to the Australian income tax implications of the In Specie Distribution for Australian residents who hold their Shares on capital account. The Section does not provide information relevant to:

- (a) Shareholders who hold their Shares on revenue account (for example, Shareholders who are share traders and certain institutional investors);
- (b) Shareholders who are not the beneficial owners of their Shares in the Company; and
- (c) Shareholders who are not residents of Australia for income tax purposes.

The information outlined in this section is based on the income tax law at the date of this Notice. Any changes in the tax law or interpretation of the tax law subsequent to the date of this Notice may alter the information contained therein.

This information is not intended to provide an exhaustive or definitive statement as to all the possible tax outcomes for Shareholders. Accordingly, the income tax implications for a particular Shareholder may differ from those detailed in this section, depending on their individual circumstances. Shareholders should not rely on the information outlined in this section as it is only general in nature. The views expressed in this section are not intended as specific advice to Shareholders. The application of tax legislation may vary according to the individual circumstances of Shareholders.

Neither the Company or any of its officers, employees or advisers assumes any liability or responsibility for advising Shareholders about the tax consequences for them from the proposed In Specie Distribution.

It is recommended that all Shareholders should, in considering the implications to them of the In Specie Distribution, obtain independent tax advice regarding the income tax implications specific to their circumstances.

### ***Tax Implications for Shareholders***

Shareholders are being asked to approve the In Specie Distribution the subject of Resolution 1. Under the In Specie Distribution, Eligible Shareholders will:

- (a) keep their existing Shares; and
- (b) receive approximately one (1) Entek Convertible Preference Share for every two (2) Shares (refer Section 2.1 for more details) held on the Record Date (with each Shareholder's total In Specie entitlement rounded down to the nearest whole Share).

The return of capital will be effected by the in specie distribution of the shares in Entek. The market value of the return of capital for taxation purposes will be determined by reference to the 5 day volume weighted average price of the shares in Entek Energy Limited on each day of trading on the ASX following the effective date for the return of capital.

## **1. Capital Return**

The Company confirms its understanding that:

- (a) No part of the proposed capital return will be treated as a dividend for Australian income tax purposes on the basis that the Company is in an overall accumulated loss position and at the time the transaction occurs it is likely that it will incur a capital loss (or otherwise derive a nominal capital gain) on this transaction;
- (b) If the cost base of a Share acquired is less than the capital return amount (on a cents per Share basis) then an immediate capital gain may arise for the difference;
- (c) Otherwise, the cost base for each Share will be reduced by the capital return amount (on a cents per Share basis) for the purpose of calculating any capital gain or loss on the ultimate disposal of that Share; and
- (d) For those Shareholders who are not tax residents of Australia, no Australian capital gain or loss should arise as a consequence of the capital return on the basis that the Shares do not represent Taxable Australian Real Property, as defined.

In the event where the market value of the consideration received from Entek exceeds the cost base of the shares in Emerald House LLC (which as at the date of this Notice is approximately \$2,081,000) then there is a risk that the Commissioner of Taxation may consider a component of the return as dividend. Shareholders should seek independent taxation advice confirming this and the resultant tax implication arising thereto.

## **2. Non Residents**

Existing Shareholders who are not residents of Australia for income tax purposes should seek specific advice in relation to the taxation consequences arising from the return of capital under the laws of their country of residence.

### **2.18 Lodgement with ASIC**

The Company has lodged with the ASIC a copy of this Notice of Meeting and the Explanatory Memorandum in accordance with section 256C(5) of the Corporations Act. The Company has also lodged with ASIC a copy of the Prospectus that accompanies this Notice of Meeting at the same time the Notice of Meeting was lodged with ASIC.

The ASIC and its officers take no responsibility for the contents of this Notice or the merits of the transaction to which this Notice relates.

### **2.19 Disclosure to the ASX and ASIC**

The Company and Entek are disclosing entities under the Corporations Act and are subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules of ASX.

Copies of documents lodged with ASIC in relation to the Company and Entek may be obtained from, or inspected at, an ASIC office.

### **2.20 No Financial Product Advice**

This document does not constitute financial product or investment advice, nor a recommendation in respect of the Entek Convertible Preference Shares. It has been prepared without taking into account the objectives, financial situation or needs of Shareholders or other persons. Before deciding how to vote or act Shareholders and others should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal, taxation and financial advice appropriate to their jurisdiction and circumstances.

Neither the Company nor Entek is licensed to provide financial project advice. No cooling-off regime applies in respect of the acquisition of Entek Shares under the In Specie Distribution (whether the regime is provided for by law or otherwise).

## **2.21 Other Legal Requirements**

Under ASIC Regulatory Guide 188, an invitation to Shareholders to vote on Resolution 1 for the in specie distribution of Entek Convertible Preference Shares to Shareholders is considered by ASIC to constitute an offer of securities under Chapter 6D of the Corporations Act and accordingly a prospectus is required unless an exemption applies. As no exemption applies, the Company has prepared a prospectus that contains information in relation to Entek (**Prospectus**).

The Prospectus accompanies this Notice of Meeting and has been lodged with ASIC at the same time as this Notice of Meeting. The Company recommends that all Shareholders read the Prospectus carefully and in conjunction with this Notice of Meeting. The Entek Convertible Preference Shares will be issued by Entek to the Company pursuant to a cleansing notice or prospectus (if required).

The Prospectus is a short form prospectus issued in accordance with Section 712 of the Corporations Act. This means the Prospectus alone does not contain all the information that is generally required to satisfy the disclosure requirements of the Corporations Act. Rather, it incorporates all other necessary information by reference to information contained in this Notice of Meeting lodged with ASIC. The Prospectus is issued pursuant to Section 712 of the Corporations Act. The Prospectus, by reference to the information contained in this Notice, contains information in relation to Entek. The Company recommends that all shareholders read the Prospectus carefully and in conjunction with this Notice of Meeting and explanatory Statement.

## **2.22 No other Information**

There is no information known to the Company that is material to the decision by a Shareholder on how to vote on Resolution 1 other than as disclosed in this Notice of Meeting and Explanatory Statement, the accompanying Prospectus and information that the Company has previously disclosed to Shareholders.

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### **3. Resolution 2 – Approval to change Company name**

The Directors have determined to change the Company name to "Elixir Energy Limited" to reflect the new director of the Company following the Company's recent acquisition of the Nomgon IX CBM PSC held through Golden Horde Limited in Mongolia.

Resolution 2 seeks Shareholder approval for the change of name in accordance with section 157 of the Corporations Act.

Resolution 2 is a special resolution.

The change of name of the Company will take effect from when ASIC alters the details of the Company's registration.

## Schedule 1 – Financial Information

### Part 1 – Financial Information of the Company

Set out below is an unaudited pro forma balance sheet (statement of financial position) of the Company as at 30 June 2018 and Golden Horded Limited (GOH), acquired by the Company in December 2018, which has been prepared using audited accounts as at 30 June 2018 for both the Company and GOH adjusted to reflect the following material transactions (pro forma adjustments):

- The Placement completed by the Company on 20 September 2018 raising a total \$1,650,000 (before costs). Costs of the Placement included share issue costs of \$124,000.
- The acquisition of the Existing Alaskan Leases for US\$803,859 and the lodgement of the US\$300,000 performance bond required to be lodged as part of the Alaskan Leases acquisition. The exchange rate assumption is that A\$1 = US\$0.71.
- Re-payment of \$43,250 to Golden Horde Limited convertible note holders on completion of the acquisition of Golden Horde Limited.
- Receipt of \$50,000 from Entek Energy Limited for the payment of the option fee under the Binding Option Term Sheet to sell the Alaskan Leases.
- Payment of US\$224,078 for the deposit amounts payable on additional leases provisionally awarded to Elixir on 13 December 2018. The exchange rate assumption is that A\$1 = US\$0.71.
- The issue of 96,190,808 New Options at \$0.01 per Option under the Rights Issue undertaken by the Company which closed in January 2019 to raise a maximum of \$961,908 (before costs) (assuming the entire shortfall under this Rights Issue is placed).
- Reduction in cash and cash equivalents for \$450,000 for working capital movements since 30 June 2018, being the last balance date of the Company's audited accounts.
- Payments totalling \$1.76 million for the balance of the bid amounts payable on the Additional Alaskan Leases and the first year's advance rentals due on the Additional Alaskan Leases. The exchange rate assumption is that A\$1 = US\$0.71.
- Receipt of the Cash Payment component of the consideration from Entek to the Company (net of the Loan Amount), estimated to be \$1.2M as at the date of this Notice, offset against the amounts paid by the Company. The exchange rate assumption is that A\$1 = US\$0.71.
- Payment of costs associated with the Sale Agreement and the In Specie Distribution, estimated to be \$35,000 as at the date of this Notice.
- Completion and completion of the In Specie Distribution occurring, with the Company receiving the anticipated number of 185,000,000 Entek Convertible Preference Shares under the Sale Agreement each at a deemed issue price of \$0.015 and distributing all Entek Convertible Preference Shares to Shareholders.

	Company Audited 30-Jun-18 \$	GOH Audited 30-Jun-18 \$	Pro forma adjustments \$	Company Unaudited pro forma 30-Jun-18 \$
<b>Current Assets</b>				
Cash and cash equivalents	2,484,234	2,621	(325,926)	2,160,929
Trade and other receivables	21,056	10	-	21,066
<b>Total Current Assets</b>	<b>2,505,290</b>	<b>2,631</b>	<b>(325,926)</b>	<b>2,181,995</b>
<b>Non-Current Assets</b>				
Trade and other receivables	783,735	-	-	783,735
Plant and equipment	3,528	-	-	3,528
Exploration and evaluation expenditure	-	-	2,207,360	2,207,360
<b>Total Non-Current Assets</b>	<b>787,263</b>	<b>-</b>	<b>2,207,360</b>	<b>2,994,623</b>
<b>TOTAL ASSETS</b>	<b>3,292,553</b>	<b>2,631</b>	<b>1,881,434</b>	<b>5,176,618</b>
<b>Current Liabilities</b>				
Trade and other payables	102,486	6,407	-	108,893
Financial Liabilities	-	43,250	(43,250)	-
Provisions	858,708	-	-	858,708
<b>Total Current Liabilities</b>	<b>961,194</b>	<b>49,657</b>	<b>(43,250)</b>	<b>967,601</b>
<b>TOTAL LIABILITIES</b>	<b>961,194</b>	<b>49,657</b>	<b>(43,250)</b>	<b>967,601</b>

<b>NET ASSETS</b>	2,331,359	(47,026)	1,924,684	4,209,017
<b>EQUITY</b>				
Contributed equity	73,658,419	1,357,100	151,810	75,167,329
Reserves	571,359	8,608	860,140	1,440,107
Accumulated losses	(71,898,419)	(1,412,734)	912,734	(72,398,419)
<b>Total Equity</b>	2,331,359	(47,026)	1,924,684	4,209,017

The above unaudited pro forma consolidated statement of financial position has been prepared for illustrative purposes only and gives effect to the transactions described in the notes to the pro forma consolidated statement of financial position and the assumptions described therein as if it had occurred as of 30 June 2018.

The above unaudited pro forma consolidated statement of financial position has been prepared in accordance with the recognition and measurement principles of the International Financial Reporting Standards (IFRS). The above unaudited pro forma consolidated statement of financial position should be read in conjunction with the historical financial statements of the Company.

## Part 2 – Financial Information of Entek

Set out below is an unaudited pro forma statement of financial position of Entek which has been prepared using audited accounts as at 30 June 2018. This unaudited pro forma consolidated statement of financial position has been prepared for illustrative purposes only and gives effect to the transactions described in the notes to the pro forma consolidated statement of financial position and the assumptions described therein as if it had occurred as of 30 June 2018.

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

- The audited balance sheet of the Company as at 30 June 2018 has been adjusted to include the transactions set out below since 30 June 2018, all of which have occurred:
  - Payment for operational expenditure spent during the 6 months to 31 December 2018 by the Company of A\$399,670.
  - Payment on 30 November 2018 of A\$50,000 option fee in relation to the Transaction.
  - Payment of the Cash Consideration under the Sale Agreement comprising balance bid costs and annual rents.
- The accounting policies applied by the Company have been consistently applied in the preparation of the unaudited pro forma balance sheet, and no review has been made in respect of the appropriateness of these policies of accounting treatments.
- The issue of estimated 185,000,000 Convertible Preference Shares at an issue price of \$0.015 to shareholders of Elixir pursuant to the Transaction and before transaction costs, being the number of Convertible Preference Shares the Company anticipates issuing, noting however, that Resolution 1 provides for the issue of up to 200,000,000 Convertible Preference Shares.
- Approximately \$2,750,000 in share consideration costs exclusive of fees for professional services and other transactional costs are expected to be incurred by the Company in relation to the Acquisition and have been capitalised as a component of the cost of the Acquisition as part of the Company's investment in Emerald House.
- Approximately \$1,897,000 in costs incurred on Additional Leases and annual rents on all leases to be held by Emerald House LLC (as announced on 31 January 2019) are expected to be incurred by the Company in relation to the Acquisition prior to Completion and have been capitalised as a component of the cost of the Acquisition as part of the Company's investment in Emerald House.
- The excess of share consideration paid (including costs) by the Company over the fair value of the Company's net assets resulting from the Acquisition has been attributed in full to deferred acquisition, exploration, evaluation and development costs. This has resulted in the recognition of exploration expenditure and other receivables acquired in the proposed Acquisition of \$4,671,800.

The accounting for the Acquisition has been treated as the acquisition of an asset as the directors are of the opinion that the proposed Transaction does not fall within the scope of AASB 3 "Business Combinations".

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

## Schedule 2 - Rights attaching to Entek Convertible Preference Shares and Entek Shares

### Part 1 – Rights attaching to Entek Convertible Preference Shares

#### 1. Glossary

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

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

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

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

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

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

**Company** means Entek Energy Limited.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**2. CPS**

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

**3. Automatic Conversion**

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

**4. No Holder conversion right**

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

**5. Conversion**

- (a) In the event of a Conversion all CPS will convert into Shares on the basis of one Share for each CPS.
- (b) A CPS, upon Conversion, confers all of the rights attaching to one Share but these rights do not take effect until 5.00pm (Perth time) on the Conversion Date. At that time:
  - (i) all other rights conferred or restrictions imposed on that CPS under these Terms will no longer have effect; and
  - (ii) the Share resulting from the Conversion will rank equally with all other Shares.
- (c) Conversion does not constitute a redemption, buy-back, cancellation or termination of CPS or an issue, allotment or creation of a new Share.
- (d) Upon Conversion the Company shall provide the CPS Holder with a certificate or statement of holding for the Shares the subject of a Conversion.
- (e) Despite anything else in these Terms, upon Conversion of the relevant CPS, any entitlement to a Dividend (accrued or otherwise) with respect to CPS, will cease to accrue and be deemed to be written off.

**6. Quotation of Shares**

- (a) Each Share arising from Conversion will rank pari passu with all other fully paid Shares, except that such Shares arising from Conversion will not be entitled to any dividend or any other distribution or entitlement that has been declared or determined but not paid as at the Conversion Date.

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

## **7. General CPS Terms**

- (a) Register
  - The Company shall maintain the Register.
- (b) General Rights
  - (i) CPS rank equally amongst themselves in all respects.
  - (ii) Until Conversion, the CPS shall have an entitlement to the payment of Dividends equal to the Dividend Rate before payment of a dividend to holders of Shares or any other class of shares ranking behind the CPS.
  - (iii) Until Conversion, if there is a return of capital on a winding up of the Company, CPS Holders will be entitled to receive out of the assets of the Company available for distribution to holders of CPS, in respect of each CPS held, a cash payment equal to the Face Value and any accrued and unpaid Dividend before any return of capital is made to holders of Shares or any other class of shares ranking behind the CPS.
  - (iv) CPS do not confer on their holders any right to participate in profits or property except as set out in these Terms or in the Constitution.
  - (v) If, upon a return of capital, there are insufficient funds to pay in full the amounts referred to above and the amounts payable in respect of any other shares in the Company ranking as to such distribution equally with the CPS on a winding up of the Company, the CPS Holders and the holders of any such other shares will share in any distribution of assets of the Company in proportion to the amounts to which they respectively are entitled.
  - (vi) Until Conversion, the CPS do not confer on the CPS Holders any further right to participate in the surplus assets of the Company on a winding up then those set out in these Terms.
  - (vii) Until all CPS have been converted, the Company must not, without approval of the CPS Holders, issue shares ranking in priority to the CPS or permit the variation of any

rights of any existing shares to shares ranking equally or in priority to the CPS, but the Board are at all times authorised to issue further CPS ranking equally with any existing CPS.

- (viii) If a takeover bid is made for ordinary shares, acceptance of which is recommended by the Board, or the Board recommend a member's scheme of arrangement, the Board will use reasonable endeavours to procure that equivalent takeover offers are made to the CPS Holder or that they participate in the scheme of arrangement.
- (ix) Until conversion, the CPS confer no rights to subscribe for new securities in the Company or to participate in any bonus issues.
- (x) A CPS does not entitle a CPS Holder to vote at any general meeting of the Company except in the following circumstances:
  - (A) on a proposal:
    - 1. to reduce the share capital of the Company;
    - 2. that affects rights attached to the CPS;
    - 3. to wind up the Company; or
    - 4. for the disposal of the whole of the property, business and undertaking of the Company;
  - (B) on a resolution to approve the terms of a buy back agreement;
  - (C) on a resolution during a period in which a Dividend or part of a Dividend on the CPS is in arrears; or
  - (D) on a resolution during the winding up of the Company.
- (xi) In accordance with the Constitution, a Holder will have the same rights as the holders of Shares with respect to receiving notices at general meetings and financial reports and attending the Company's general meetings.
- (xii) Subject to complying with all applicable laws, the Company may, without the authority, assent or approval of the CPS Holders, amend or add to these terms of issue if such amendment or addition is, in the opinion of the Company:
  - (A) of a formal, minor or technical nature;
  - (B) made to correct a manifest error; or
  - (C) not likely (taken as a whole and in conjunction with all other modifications, if any, to be made contemporaneously with that modification) to be materially prejudicial to the interests of the CPS Holders.
- (xiii) Each CPS shall be non-transferable except the CPS Holder may transfer the CPS to the Distribution Recipients.

## Part 2 – Rights attaching to Entek Shares

The following is a summary of the more significant rights and liabilities attaching to Entek Shares which will be issued on conversion of the Entek Convertible Preference Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders as shareholders of Entek. To obtain such a statement, persons should seek independent legal advice.

### (a) Voting

At a general meeting of Entek on a show of hands, every member present in person or by proxy, attorney or representative has one vote and upon a poll, every member present in person, or by proxy, attorney or representative has one vote for every Share held by them.

### (b) Dividends

Subject to the rights of holders of Entek Shares of any special, preferential or qualified rights attaching thereto, dividends are payable amongst the holders of Entek Shares in proportion to the amounts paid up on such Entek Shares respectively at the date of declaration of the dividend. The Entek Directors may from time to time pay to Entek shareholders such dividends (including interim dividends) as they determine.

### (c) Winding Up

Entek shareholders will have no liability to make payments to Entek in the event of Entek being wound up pursuant to the provisions of the Corporations Act.

### (d) Transfer of Securities

Generally, the Entek Shares will be freely transferable, subject to satisfying the usual requirements of security transfers on the ASX. The Entek Directors may decline to register any transfer of Shares, but only where permitted to do so under its Constitution or the Listing Rules.

### (e) Sale of Less than Marketable Holdings

Entek may take steps in respect of less than marketable holdings of Entek Shares to affect an orderly sale of those Entek Shares in the event that holders do not take steps to retain their holdings.

Entek may only take steps to eliminate less than marketable holdings in accordance with the Constitution and the Listing Rules. For more particular details of the rights attaching to Entek Shares, investors should refer to the Constitution of Entek.

## Schedule 3 - Risk Factors

On completion of the In Specie Distribution, the Company's Shareholders will become shareholders in Entek and should be aware of the general and specific risks that may affect Entek and the value of its securities. These risk factors are outlined below.

The list of risk factors ought not to be taken as exhaustive of the risks faced by Entek or by investors in Entek. Those factors, and others not specifically referred to, may in the future materially affect the financial performance of Entek and the value of the Entek Convertible Preference Shares. The Entek Convertible Preference Shares, or the Entek Shares issued on conversion of the Entek Convertible Preference Shares, carry no guarantee with respect to the payment of dividends, return of capital or their market value.

### 1.1 Key risks specific to an investment in Entek

Shareholders should be aware of the key risks specific to an investment in Entek as described below. The risks and uncertainties described below are not intended to be exhaustive. There may be additional risks and uncertainties that Entek is unaware of or that Entek currently considers immaterial, which may affect Entek. Based on the information available, a non-exhaustive list of risk factors for Entek, associated with the proposed transaction is set out below.

#### (a) Dilution risk

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

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

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

#### (b) Contractual and Completion risk

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

#### (c) Future capital requirements

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

In order to successfully develop the Alaskan Leases and Additional Leases and for production to commence, the Entek will require further financing in the future, in addition to the

amounts available at the date of the Notice. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the then market price or may involve restrictive covenants which limit the Entek's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.

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

**(d) Exploration and recovery risk**

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

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

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

**(f) Operational risks**

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

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

- (vii) operational and technical factors that may be encountered in drilling and producing hydrocarbons.

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

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

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

**(h) Compliance risk**

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

**(i) Country risk**

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

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

**(j) Environmental risk**

The Entek's activities are subject to the environmental risks inherent in the hydrocarbon industry. The Entek is subject to environmental laws and regulations in connection with operations it may pursue in the hydrocarbon industry. The Entek conducts its activities in an environmentally responsible manner and in accordance with all applicable laws. However, the Entek may be the subject of accidents or unforeseen circumstances that could subject the Entek to extensive liability. Further, the Entek may require approval from the relevant authorities before it can undertake activities likely to impact the environment. Failure to obtain such approvals will prevent the Entek from undertaking its desired activities. The Entek

is unable to predict the effect of additional environmental laws and regulations that may be adopted in the future, including whether any such laws or regulations would materially increase the Entek's cost of doing business or affect its operations in any area.

**(k) Claims by indigenous inhabitants**

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

**1.2 General risks**

The future prospects of Entek's business may be affected by circumstances and external factors beyond Entek's control. Financial performance of Entek may be affected by a number of business risks that apply to companies generally and may include economic, financial, market or regulatory conditions.

**(i) General economic climate**

Factors such as inflation, currency fluctuation, interest rates and supply and demand have an impact on operating costs, commodity prices and stock market prices. Entek's future revenues and securities price may be affected by these factors, as well as by fluctuations in the price of commodities, which are beyond Entek's control.

**(ii) Changes in legislation and government regulation**

Government legislation in Australia, the United States or any other relevant jurisdiction, including changes to the taxation system, may affect future earnings and the relative attractiveness of investing in Entek. Changes in government policy or statutory changes may also affect Entek and the value of its securities.

**(iii) Competition for projects**

Entek competes with other companies, including hydrocarbon exploration and production companies. Some of these companies have greater financial and other resources than Entek. As a result, such companies may be in a better position to compete for future business opportunities and there can be no assurance that Entek can effectively compete with these companies. Entek's inability to secure a new project or business opportunity may have an adverse effect on the operations of Entek, its possible future profitability and the trading price of its securities, including the Entek Convertible Preference Shares.

**(iv) Reliance on key personnel**

Entek's success depends largely on the core competencies of its directors and management and Entek's ability to find and retain key personnel.

**(v) Share market conditions**

The market price of Entek's securities may be subject to varied and unpredictable influences on the market for equities in general and resources stocks in particular.

**(vi) Speculative nature of investment**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by Entek or by investors in Entek. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of Entek and the value of the Entek Convertible Preference Shares. Therefore, the Entek Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of the securities. An investment in Entek Convertible Preference Shares is considered highly speculative.

**(vii) Security risk**

The business of Entek may be materially impacted by breaches of security, on-site or via technology, either by unauthorised access, theft, destruction, loss of information or release of confidential data. Entek's security measures may not be sufficient to detect or prevent such breaches of security

## Schedule 4 - Definitions

In this Explanatory Memorandum, the Notice of General Meeting, Proxy Form and Prospectus:

**\$** means Australian Dollars

**Additional Alaskan Leases** has the meaning given in Section 1.1

**Alaskan Leases** has the meaning given in Section 1.1

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

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

**AWST** means Australian Western Standard Time.

**BLM** has the meaning given in Section 1.1.

**Company or Elixir** means Elixir Petroleum Limited ACN 108 230 995.

**Completion** has the meaning given in Section 1.1.

**Constitution** means the constitution of the Company.

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

**Directors** mean the directors of the Company.

**Eligible Shareholder** means a holder of Shares in the Company as at the Record Date.

**Emerald** means Emerald House LLC No. 10092881.

**Entek** means Entek Energy Limited ACN 108 403 425.

**Entek Convertible Preference Shares** means a convertible preference share in the issued capital of Entek on the terms and conditions in Part 1 of Schedule 2 of this Notice.

**Entek Director** means a current director of Entek.

**Entek Option** means an option to subscribe for an Entek Share.

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

**Existing Alaskan Leases** has the meaning given in Section 1.1.

**Explanatory Memorandum** means the explanatory memorandum accompanying the Notice.

**In Specie Distribution** has the meaning given in Section 1.1.

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

**Loan** has the meaning given in Section 1.1.

**Loan Amount** has the meaning given in Section 1.1.

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

**Notice of Meeting or Notice** means this notice of meeting including the Explanatory Memorandum and the Proxy Form.

**NPRA** has the meaning given in Section 1.1.

**Option** means an option to subscribe for a Share.

**Overseas Shareholder** means an Eligible Shareholder with a registered address outside of Australia on the Record Date.

**Performance Rights** means performance rights which convert on a one for one basis to Shares upon exercise subject to the achievement of certain vesting conditions and/or performance milestones prior to the relevant expiry date.

**Prospectus** has the meaning given in Section 2.21.

**Proxy Form** means the proxy form attached to the Notice.

**Record Date** means the record date for the In Specie Distribution in the timetable in Section 2.2.

**Sale Agreement** means the option agreement between the Company and Entek, dated on or around 29 November 2018, in respect to the sale and purchase of Emerald by Entek from the Company.

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

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

**Shareholder** means a holder of a Share.

# ELIXIR PETROLEUM LIMITED

ACN 108 230 995

## PROXY FORM

The Company Secretary  
Elixir Petroleum Limited

**By post:**

PO Box 180,  
West Perth WA 1445

**By Email:**

info@elixirpetroleum.com

### Step 1 – Appoint a Proxy to Vote on Your Behalf

I/We <sup>1</sup> \_\_\_\_\_

of \_\_\_\_\_

being a Shareholder/Shareholders of the Company and entitled to \_\_\_\_\_ votes in the Company, hereby appoint:

**The Chairman of the Meeting (mark box)**

**OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name and address of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman, as my/our proxy to act generally on my/our behalf at the Meeting of the Company to be held at 1202 Hay Street, West Perth WA 6005 on Friday 29 March 2019 at 11am (WST) and at any adjournment or postponement of the Meeting and to vote in accordance with the following directions (or if no directions have been given and to the extent permitted by law) as the proxy sees fit.

### Important – If the Chairman of the Meeting is your proxy or is appointed your proxy by default

The Chairman of the Meeting intends to vote all available proxies in favour of Resolutions 1 and 2. If the Chairman of the Meeting is your proxy or is appointed your proxy by default, unless you indicate otherwise by ticking either the 'for', 'against' or 'abstain' box in relation to Resolutions 1 and 2, you will be authorising the Chairman to vote in accordance with the Chairman's voting intentions on Resolutions 1 and 2, even if Resolutions 1 and 2 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. **Proxy appointments will only be valid and accepted by the Company if they are made and received no later than 48 hours before the meeting.**

Please read the voting instructions overleaf before marking any boxes with an .

### Step 2 – Instructions as to Voting on Resolutions

#### INSTRUCTIONS AS TO VOTING ON RESOLUTIONS

The proxy is to vote for or against the Resolutions referred to in the Notice as follows:

		For	Against	Abstain
Resolution 1	Approval of equal reduction of capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval to change Company Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

\* If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

#### Authorised signature/s

This section **must** be signed in accordance with the instructions below to enable your voting instructions to be implemented.

The Chairman of the Meeting intends to vote undirected proxies in favour of each Resolution.

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

\_\_\_\_\_  
Contact Name

\_\_\_\_\_  
Contact Daytime Telephone

\_\_\_\_\_  
Date

<sup>1</sup> Insert name and address of Shareholder

**Proxy Notes:**

A Shareholder entitled to attend and vote at the Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding: where the holding is in more than one name all of the holders should sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission or electronic mail at the address below no later than 48 hours prior to the time of commencement of the Meeting (WST).

**Postal address:** PO Box 180, West Perth WA 1445.

**Facsimile:** (08) 9315 2233 if faxed from within Australia or +61 8 9315 2233 if faxed from outside Australia.

**Email:** info@elixirpetroleum.com