



ENTEK
ENERGY Ltd

45 VENTNOR AVE
WEST PERTH
WESTERN AUSTRALIA 6005
TELEPHONE: +618 9429 8862
FACSIMILE: +618 9429 8800
ABN 43 108 403 425

20 October 2005

Company Announcements
Australian Stock Exchange Ltd

SALE OF SOUTH AUSTRALIAN COOPER BASIN INTERESTS

The board of directors in consultation with management have reviewed the company's portfolio of assets in relation to the potential for the existing portfolio to enhance shareholder value in the medium term.

This review was initiated in response to enquiries from several interested parties to purchase the South Australian Cooper Basin interests, **comprising a 12.5% equity position in each of PEL's 86, 87, 89, 104, 111 and 115.**

Part of the review included submissions requested by Entek from interested parties.

After receiving firm submissions from two parties, the directors have agreed that:

Subject to:

- a) *Entek shareholder approval;*
- b) *Receipt by Entek of an independent valuation of the Interests confirming the offer from ITC is fair and reasonable;*
- c) *Receipt of all necessary joint venture and regulatory assignment approvals;*

Entek Energy Limited will sell to Impress Ventures Limited (ITC) the South Australian Cooper Basin interests comprising a 12.5% equity position in each of PEL's 86, 87, 89, 104, 111 and 115 (collectively the Interests) for a consideration comprising;

Part (1) : \$1,500,000 in cash;

Part (2) : The issue to Entek of 35,000,000 fully paid ordinary shares in ITC and 5,000,000 options, each of which entitles the option holder to buy one ITC Share at 8 cents and has an expiry date of two years following completion of the sale, to Entek; and

Part (3) : ITC agrees to be fully responsible for all liabilities of Entek for all future cash calls for the Cooper Basin Joint Venture until completion of the sale at which point Entek's share of any production proceeds from the joint

venture will be offset against Entek's liabilities for any cash calls made up to completion of the sale.

FURTHER INFORMATION

The directors are of the opinion that a 12.5% interest is too small and is unlikely to stimulate the market (and hence the Entek share price) unless a very significant discovery is made. Since activity levels of drilling increased in the SA Cooper Basin, discoveries have been relatively small. For participants with equity interests of 25% to 50% or greater, discoveries are well received by the market.

One alternative for Entek is to increase its position in some or all of these PEL's. This however is not an option as none of the other participant's interest is available in whole or in part.

The directors consider that some of the acreage within some of PEL's 86, 87, 89, 104, 111 and 115 is indeed very prospective for the discovery of small oil and or gas accumulations.

The offer tabled by Impress Ventures Limited appeals to the directors in that:

1. It provides a cash component for Entek to move forward with alternate plans to secure other interests, whilst participating in its other joint venture interest in ATP 269 Coolum Block where the recent Coolum discovery was made and in which Entek has acquired a 28.15% interest.
2. It permits the company (and thereby Entek shareholders) to participate in activity within the SA Cooper Basin permits through Impress Ventures Limited's shares retained by Entek and eliminates the cash drain on the Company from direct participation in exploration activity.

The company is commissioning an independent appraisal of the offer and subject to the offer being considered fair and reasonable, directors will be seeking shareholder approval through the issue of a Notice of Meeting to be issued immediately the independent valuation is received.

The sale will be subject to joint venture approval of the assignment of the interests to Impress Ventures Limited, but given Impress Ventures Limited is already a joint venture partner, assignment approval is not anticipated to be unreasonably withheld. The sale will also be subject to regulatory assignment approval.

GLENVALE BLOCK ATP 269P

- 1 Advice as to Company's future plans for Glenvale Block ATP 269P and other plans with respect to the Company's activities.
 - 1.1. The Company plans to participate in the ongoing exploration and production activities in Glenvale Block ATP 269P, comprising:
 - a) The current status is that the Coolum-1 well is producing at approximately 30 BOPD. Entek's share of this is 28.15%. The operation of this well is cash flow positive.

- b) No further activity during the remainder of 2005, other than General & Admin costs and production operations in producing Coolum-1, which together are expected to be near cash flow neutral.
- c) The acquisition of some 115 sq.kms of 3-D seismic in 1st quarter 2006 at a cost of approximately \$14,000 per sq.km. Enteks share of this program will be 28.15% or approximately \$450,000.
- d) Processing of the 3-D is expected to take 4 months (cost of processing is included in the \$14,000 per sq.km charge), following which;
- e) A well may be drilled during 2nd half 2006, subject to results of the 3-D survey and rig availability. Well depth for the area would be approximately 1,500 metres and dry hole cost approximately \$1,200,000 (Entek share 66.1% or approximately \$800,000 under the farm-in arrangements).
- f) Entek has the option to participate in a third well at 66.1% of well cos. It is likely this option would not be exercised before 1st quarter 2007.

1.2. Other Plans

- a) The company is pursuing other farm-in options in Australia, the criteria being:
 - Equity 20% or more.
 - Onshore.
 - Non Operator participation.
 - Mid company sized operator.
- b) The company is considering acreage review and acquisition overseas with joint venture parties, the criteria being:
 - Reasonable equity position.
 - Onshore and/or offshore
 - Non Operator participation.
 - Mid company sized operator.

The Company will appropriate announcements on progress of these undertakings when they are sufficiently advanced to warrant disclosure.

2 An exploration budget for ATP 269P.

PERIOD	ACTIVITY	BUDGET
4 th quarter 2005	ATP-269 G&A & Production Ops	Cash flow neutral
	ETE G&A	\$60,000
1 st quarter 2006	3-D Seismic	\$450,000
	ATP-269 G&A & Production Ops	Cash flow neutral
	ETE G&A	\$60,000
2 nd quarter 2006	ATP-269 G&A & Production Ops	Cash flow neutral
	ETE G&A	\$60,000
3 rd quarter 2006	ATP-269 G&A & Production Ops	Cash flow neutral

4 th quarter 2006	ETE G&A	\$60,000
	Exploration well	\$800,000
	ATP-269 G&A & Production Ops	Cash flow neutral
	ETE G&A	\$60,000

Russell Brimage
Chairman