



ENTEK
ENERGY Ltd

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Company Announcements
Australian Stock Exchange Ltd

ENTEK ENERGY LIMITED (ENTEK) - QUARTERLY REPORT QUARTER ENDED 31st DECEMBER 2005

HIGHLIGHTS

- § Sale of Cooper Basin interests approved by shareholders (subsequent event).
- § Production continues Mirage-1 and Ventura-1 in PEL 115.
- § Crude oil production continues at Coolum-1 in ATP-269 Glenvale Block.

OPERATIONS OVERVIEW

PEL 86, 87 & 89, PEL 104, PEL 111 and PEL 115 are the six permits that Entek Energy shareholder approval was given on January 25th 2006, for the sale of the interests to Impress Ventures Limited (ASX: ITC).

Given that as part of the sale proceeds Entek acquires 35,000,000 ITC ordinary shares, the directors consider it important that Entek shareholders are informed of the activity in the interests up to 31st December 2005, as the shareholding represents an indirect interest in the activities in the permits.

PEL 115, Cooper Basin, South Australia, 12.5% working interest

MIRAGE OIL FIELD

The Mirage Oilfield produces from the discovery well, Mirage-1. The well has been on continuous production since July 27th, 2005. The Operator Victoria Petroleum NL announced on January 24th that the production rate at Mirage-1 had been lifted to 415 BOPD by optimization of the pumping facility. In addition, the Operator reported that:

- The interpretation of the 3D data set suggest that Mirage-1 could be part of a larger feature covering approximately 20 square kilometres that includes the Lightning and Jindivik prospects five kilometres to the north east. Using conservative reservoir parameters such an area has the possibility of containing up to 20 million barrels of oil in place.
- Further exploration drilling is required to confirm this possibility and this will take place after the three Mirage development wells, with the drilling of the Lightning-1 and Jindivik-1 exploration wells.

- The initial three development locations for the PEL 115 Mirage Oil Field and two exploration wells have been approved by the PEL 115 Joint Venture. The rig move to the first Mirage development well has commenced with the Hunt Rig-3 camp arriving on location on the 21st January 2006. Drilling of Mirage-2 is planned to commence on or about the 29th January 2006.

VENTURA OIL FIELD

The Venture-1 well commenced production on September 9th 2005, after weather delays and operational difficulties and continues to produce at approximately 65 BOPD.

Entek also has an interest in ATP 269 Glenvale Block, Queensland, operated by Beach Petroleum Limited. This interest is being retained by Entek and is not part of the sale to ITC.

ATP 269 Glenvale Block, Queensland, 28.15% working interest

In December 2004 Entek farmed in to the Glenvale/Coolum structure in ATP 269P on the south eastern margin of the Cooper Basin in southwest Queensland. The company earned a 28.15% interest in the Coolum-1 well by contributing to the cost of drilling. Entek has the option of farming in to other structures within ATP 269P on the same terms.

The Coolum-1 discovery well commenced production during the prior period and continues to produce on pump at approximately 30 BOPD.

EXPLORATION ACTIVITIES

PEL 115, Cooper Basin, South Australia, 12.5% working interest

Mirage 3D Seismic Survey

The Mirage 3D seismic survey has been completed and provides the joint venture with the ability to:

- Better define reserves estimates of Mirage and facilitate locating development wells to maximize recovery.
- Improved structural mapping will enable other structures to be confirmed, such as the Jindivik and Lightning structures, to the east of Mirage. Future appraisal drilling locations are being considered to test these structures.

PEL 104 and 111, Cooper Basin, South Australia, 12.5% working interest

Up to four wells are planned for drilling in PEL 104 and 111 permits.

Additional seismic recorded in 2005 has been utilized to confirm drilling targets.

Drilling is scheduled to commence after completion of activities in PEL 115, likely to be in the 2nd quarter 2006.

PEL 86, 87 and 89, Cooper Basin, South Australia, 12.5% working interest

No activity to report.

ATP 269 Glenvale Block, Queensland, 28.15% working interest

The 3D seismic program in this block scheduled for 1st quarter 2006 has been delayed due to circumstances outside the joint venture control and is now rescheduled for mid year.

The joint venture is considering the work program for 2006 in light of the changed circumstances and further announcements will be made by Entek when these issues are resolved by the joint venture.

CORPORATE

Subsequent Event

On January 25th 2006, shareholder approval was given at the company's Extraordinary General Meeting for the sale of the company's 12.5% interest in six Cooper Basin exploration and production permits PEL 86, 87, 89, 104, 111 and 115 (together the Interests) to Impress Venture Limited (ITC).

The sale will now complete when joint venture and regulatory assignment approvals are finalized.

The consideration for the assets is:

- 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 cash calls made on ENTEK from October 14th 2005 by the joint venture operator of the Interests until completion of the sale, and that any revenue generated by the Interests is to be offset against cash calls.

The directors reiterate the basic assumptions made in assessing the option of the sale of the Interests to Impress Ventures Limited:

1. It provides Entek a cash component 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. This point has been demonstrated by the fact that on 21st October 2005, the ITC share price closed at 5.3 cents, valuing the 35,000,000 ITC shares (*Part (2)* of the consideration) at \$1,855,000. On 30th January 2006, the ITC share price closed at 8.4 cents, valuing the ITC shares at \$2,940,000 – an increase in Entek's interest of \$1,085,000.

Russell Brimage
Chairman