

ENTEK ENERGY LIMITED

ACN 108 403 425

NOTICE OF GENERAL MEETING

PROXY FORM

AND

EXPLANATORY MEMORANDUM

Date of Meeting

Friday, 7 April 2006

TIME OF MEETING

10.30 am WST

PLACE OF MEETING

45 Ventnor Avenue
West Perth Western Australia

This Notice of General Meeting and Explanatory Memorandum 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 without delay.

ENTEK ENERGY LIMITED
ACN 108 403 425

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of Entek Energy Limited (“**Company**”) will be held at the offices of the Company, 45 Ventnor Avenue, West Perth, Western Australia on Friday, 7 April 2006 commencing at 10.30 am WST.

An Explanatory Memorandum containing information in relation to the following Resolutions accompanies this Notice of Meeting.

Please note terms used in the Resolutions contained in this Notice of Meeting have the same meaning as set out in the glossary of the Explanatory Memorandum accompanying this Notice.

AGENDA

BUSINESS

Resolution 1 – Acquisition of South Marsh LLC

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

"That pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, the Company:

- (a) agrees to the execution by the Company's wholly owned subsidiary, Entek USA, Inc. ("Entek USA"), of the South Marsh Acquisition Agreement whereby Entek USA will acquire all of the issued capital in South Marsh LLC from Mainpass Holdings Pty Ltd; and*
- (b) approves and authorises the Directors to allot and issue 1,000,000 Discovery Shares to Ridgelake Energy, Inc. ("Ridgelake") (or nominee), in accordance with the South Marsh Acquisition Agreement referred to in paragraph (a) of this Resolution on the terms and conditions as more particularly described in the Explanatory Memorandum accompanying this Notice of Meeting."*

<p>The Company will disregard any votes cast on this Resolution 1 by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and any associate of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.</p>

Resolution 2 – Variation of Class Rights

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, subject to the passing of Resolution 1, pursuant to and in accordance with Clause 11.1 of the Company's Constitution and sections 246B(1) and 246C(5) of the Corporations Act and for all other purposes, shareholders approve any variation of the rights attached to each ordinary share of the Company already on issue that arises from the issue of the 1,000,000 Discovery Shares in the capital of the Company to Ridgelake (or nominee)."

By Order of the Board of Directors

Jack Toby
Company Secretary
2 March 2006

PROXIES

- Votes at the General Meeting may be given personally or by proxy, attorney or representative.
- A Shareholder entitled to attend and vote at the above meeting may appoint not more than two proxies to attend and vote at this meeting. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights.
- A proxy may but need not be a Shareholder of the Company.
- The instrument appointing the proxy must be in writing, executed by the appointor or his attorney duly authorised in writing or, if such appointor is a corporation, either under seal or under hand of an officer of his attorney duly authorised.
- The instrument of proxy (and the power of attorney or other authority, if any, under which it is signed) must be lodged by person, post, courier or facsimile and reach the Registered Office of the Company at least 48 hours prior to the meeting. For the convenience of Shareholders a Proxy Form is enclosed.

ENTITLEMENT TO VOTE

For the purposes of section 1074E(2) of the Corporations Act 2001 and regulation 7.11.37 of the Corporations Regulations 2001, the Company determines that members holding ordinary shares at 5.00 pm WST on 5 April 2006 will be entitled to attend and vote at the General Meeting.

CORPORATIONS

A corporation may elect to appoint a representative in accordance with the Corporations Act in which case the Company will require written proof of the representative's appointment which must be lodged with, or presented to the Company before the meeting.

ENTEK ENERGY LIMITED
ACN 108 403 425

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the Shareholders of Entek Energy Limited ("**Company**") in connection with the business to be conducted at a General Meeting of the Company to be held at the offices of the Company, 45 Ventnor Avenue, West Perth, Western Australia on Friday, 7 April 2006 commencing at 10.30 am (WST).

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of General Meeting.

The Directors recommend that Shareholders read this Explanatory Memorandum before determining whether or not to support the resolutions.

Resolution 1 – Acquisition of South Marsh LLC

On 15 February 2006, the Company announced that its wholly owned US subsidiary, Entek USA, had entered into the South Marsh Acquisition Agreement to acquire all of the issued capital in South Marsh LLC, from Mainpass.

Background to the Resolution

Acquisition of US Properties

On 18 January 2006 GulfX entered into the Ridgelake Agreement with Ridgelake pursuant to which GulfX has obtained the right, which right is subject to the matters referred to below, to earn a 20% working interest in five offshore leases including:

- (a) South Marsh Island Block 152; and
- (b) South Marsh Island Block 138,

(the two leases being known as the "**US Properties**" and being located in the Gulf of Mexico).

The US Properties are subject to a 16 2/3 % Federal royalty and between a 3 1/3% to 4% royalty in favour of certain third parties who generated the properties.

On 7 February 2006 South Marsh LLC (a Delaware incorporated company) entered into the GulfX Agreement whereby South Marsh LLC was granted the right to earn a 7.5% working interest of the 20% working interests which GulfX has a right to earn in the US Properties. Pursuant to the GulfX Agreement, South Marsh LLC will:

- (a) assume 37.5% of GulfX's funding obligations in respect of the US Properties up to the earning points specified below;
- (b) procure the issue of 1,000,000 Discovery Shares in the capital of the Company; and
- (c) pay the sum of A\$200,000 to GulfX as a partial reimbursement for the costs incurred by GulfX in negotiating the Ridgelake Agreement.

Subject to fulfilment of its undertakings and upon receiving title to a 20% working interest in the US Properties from Ridgelake, GulfX will assign 37.5% of said interest to South Marsh LLC. This will result in a 7.5% overall working interest in the US Properties in favour of South Marsh LLC and a 12.5% overall working interest in the US Properties in favour of GulfX.

If South Marsh LLC fails to meet its obligations to either or both of the US Properties it ceases to have an interest in either or both of the subject leases, as the case may be.

Pursuant to the Ridgelake Agreement and the GulfX Agreement, South Marsh LLC has agreed, amongst other things, to:

- (a) meet 10.00125% of Ridgelake's sunk costs and the costs of maintaining the US Properties until South Marsh LLC has earned its interest in the US Properties, being approximately US\$301,890 (A\$402,519) at a US\$0.75 per AUD\$1 exchange rate; and
- (b) contribute to the exploration and/or development costs on each of US Properties as follows:
 - (i) South Marsh Island 152. Pay 10.00125% of the cost to drill one appraisal well and, if deemed by GulfX LLC to be commercial, contribute a further cash payment equal to 2.50125% of: 1) the estimated cost of completing the well; 2) one third of the estimated cost of fabrication and installation of a suitable platform; and 3) the estimated cost of a flowline;
 - (ii) South Marsh Island 138. Pay 10.00125% of the cost to drill one exploration well to casing decision point and, if deemed by GulfX LLC to be commercial, to contribute a further cash payment equal to 2.50125% of the cost of the initial well through to casing decision point; and
- (c) procure to issue to Ridgelake 1,000,000 Discovery Shares in the Company.

By a separate share purchase agreement GulfX Holdings, Inc., a wholly owned subsidiary of the Australian Stock Exchange listed New Horizon Energy Ltd ("**NHE**"), has, pursuant to the GulfX Acquisition Agreement, agreed to acquire all of the issued capital of GulfX.

Acquisition of South Marsh LLC

The key terms of the South Marsh Acquisition Agreement with Mainpass are as follows:

- (a) Entek USA will pay the sum of A\$20,000 to Mainpass, the sole shareholder in South Marsh LLC for the acquisition of all the issued capital in South Marsh LLC; and
- (b) settlement under the South Marsh Acquisition Agreement is subject to and conditional upon (as conditions precedent):
 - (i) the satisfaction or waiver of all of the conditions to settlement of the GulfX Acquisition Agreement;
 - (ii) Entek USA conducting a due diligence review of all aspects of South Marsh LLC and the US Properties, by 28 February 2006, including, without

limitation, its structure, operation and assets, and Entek USA being satisfied, in its sole discretion, with the outcome of such due diligence review;

- (iii) Entek USA obtaining all necessary approvals and consents required to proceed with the purchase of all the issued capital in South Marsh LLC; and
- (iv) the Company obtaining all necessary approvals and consents required as a result of the matters the subject of the Acquisition Agreement, including but not limited to such approvals as are required under the Listing Rules and the Corporations Act.

The settlement of the GulfX Acquisition Agreement, as referred to in paragraph (i) above, is conditional on NHE:

- (i) completing a due diligence review of the five offshore leases, including the US Properties;
- (ii) obtaining all necessary shareholder approvals;
- (iii) consolidating its capital;
- (iv) raising additional monies; and
- (v) the ASX confirming it will reinstate NHE's securities after NHE satisfies Chapters 1 and 2 of the Listing Rules.

The Resolution

Resolution 1 seeks shareholder approval for:

- (a) the Company, through its wholly owned subsidiary, Entek USA, to acquire from Mainpass all of the issued capital in South Marsh LLC; and
- (b) the issue by the Company of 1,000,000 Discovery Shares to Ridgelake (or nominee), being an obligation which exists under the GulfX Agreement.

Listing Rule 7.1

Listing Rule 7.1 requires shareholder approval to the proposed issue of shares. Listing Rule 7.1 broadly provides, subject to certain exceptions, that shareholder approval is required for any issue of equity securities by a listed company, where the equity securities proposed to be issued represent more than 15% of a company's shares then on issue. The issue of the Discovery Shares pursuant to this Resolution will not exceed this 15% threshold, however Listing Rule 7.1 approval is sought so that the 15% threshold is maintained and available for use by the Company in the future should the circumstances require it.

The following information is provided to Shareholders for the purposes of Listing Rule 7.3:

- (a) the maximum number of shares the Company can issue under Resolution 1 is 1,000,000 Discovery Shares;
- (b) the Discovery Shares will be issued no later than three months after the date of this General Meeting or such later date as approved by ASX;

- (c) the Discovery Shares will be issued for free;
- (d) the allottee is Ridgelake, or its nominee;
- (e) the Discovery Shares are shares having the particular rights referred to in Annexure A; and
- (f) no funds will be raised from the issue, but the issue comprises part of the consideration for South Marsh LLC being granted the right to earn a 7.5% working interest of the 20% working interests which GulfX has a right to earn in the US Properties.

On the Discovery Shares being converted to Shares due to a commercial discovery of hydrocarbons on the US Properties the holder of such Shares must agree to enter into a voluntary escrow agreement with the Company pursuant to which the holder of the resultant Shares agrees not to sell those Shares while in escrow. 50% of the Shares will be released from escrow on the first commercial production from any well in which the zone is intersected and is deemed capable of commercial production, and the remaining 50% of the Shares will be released from escrow on a date which is 3 months after the date on which the first 50% of the Shares are released from escrow.

Resolution 2 – Variation of Class Rights

The terms of the Discovery Shares are not the same as the Shares. The terms of the Discovery Shares have been approved by ASX.

Under section 246C(5) of the Corporations Act, the rights of the holders of Shares in the Company will be taken to be varied as a result of the issue of the Discovery Shares to Ridgelake (or nominee).

Under section 246B(1) of the Corporations Act, if a company has a constitution that sets out the procedure for varying or cancelling rights attached to shares in a class of shares, those rights may be varied or cancelled only in accordance with the procedure. Under Clause 11.1 of the Company's Constitution, any variation of the rights of the holders of Shares in the Company may be authorised with the sanction of a special resolution passed at a meeting of the holders of the Shares.

Accordingly, the Company seeks approval from shareholders for the issue of the Discovery Shares on the terms set out in Annexure A to this Explanatory Memorandum.

Resolution 2 is a special resolution and requires the approval of 75% of the votes cast by shareholders.

The Directors unanimously recommend that you vote in favour of Resolution 2.

GLOSSARY

In this Explanatory Memorandum and the Notice, the following terms have the following meanings unless the context otherwise requires:

ASX	means Australian Stock Exchange Limited ACN 008 624 691.
Board	means the board of Directors of the Company.
Company	means Entek Energy Limited ACN 108 403 425.
Constitution	means the Company's constitution, as amended from time to time.
Corporations Act	means Corporations Act 2001.
Corporations Regulations	means Corporations Regulations 2001.
Director	means a director of the Company.
Discovery Share	means the shares to be issued by the Company, the terms of which are contained in Annexure A to this Explanatory Memorandum.
Entek USA	means Entek USA, Inc., a wholly owned subsidiary of the Company incorporated in Delaware, in the United States of America and having its registered office at 1209 Orange Street, Wilmington, County of New Castle, Delaware, the United States of America.
GulfX	means GulfX LLC, a company incorporated in the USA and having its registered office at 1209 Orange Street Delaware 19801.
GulfX Agreement	means the agreement dated 7 February 2006 between GulfX and South Marsh LLC pursuant to which South Marsh LLC is to have the right to earn a 7.5% working interest of the 20% working interests which GulfX has a right to earn in the US Properties.
GulfX Acquisition Agreement	means the acquisition agreement dated 15 February 2006 between the GulfX Holdings, Inc. and Mainpass pursuant to which the GulfX Holdings, Inc. acquires all the share capital of GulfX.
Listing Rules	means the Listing Rules of ASX.
Mainpass	means Mainpass Holdings Pty Ltd ACN 112 223 300.
Notice	means the Notice of Meeting accompanying this Explanatory Memorandum.

Ridgelake	means Ridgelake Energy, Inc., a company incorporated in the United States of America of PO Box 8470 Metairie Louisiana 70011 – 8470.
Ridgelake Agreement	means the agreement dated 18 January 2006 between GulfX and Ridgelake and pursuant to which GulfX is to have the right to earn a 20% interest in 5 prospects in the United States of America.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means an ordinary shareholder of the Company.
South Marsh Acquisition Agreement	means the acquisition agreement dated 15 February 2006 between Entek USA and Mainpass pursuant to which the Entek USA acquires all the share capital of South Marsh LLC.
US Properties	means the two leases located in the Gulf of Mexico, being South Marsh Island Block 152 and South Marsh Island Block 138.
WST	means Australian Western Standard Time.

ANNEXURE A

TERMS AND CONDITIONS OF DISCOVERY SHARES

1. DEFINITIONS

- (a) "**ASX**" means Australian Stock Exchange Limited;
- (b) "**Business Day**" means a day that is not a Saturday, Sunday or public holiday or bank holiday in Western Australia;
- (c) "**Commercial Discovery**" means any discovery of hydrocarbons as declared by the operator in accordance with the prevailing definition of commerciality published as 30 CFR Section 250.116 in the Federal Register by the USA Minerals Management Service. Any reserves of oil or gas already discovered at the time of the issue of the Discovery Shares on any prospect in which the Company has a direct or indirect interest are specifically excluded from this definition;
- (d) "**Company**" or "**ETE**" means Entek Energy Limited ABN 43 108 403 425, or any successor entity by name change, merger or other corporate action;
- (e) "**Conversion**" means the conversion of Discovery Shares to Shares and the expressions "**Convert**", "**Converting**" and "**Converted**" shall have the corresponding meanings;
- (f) "**Discovery Shares**" means Discovery Shares in the capital of the Company on these terms and conditions;
- (g) "**Listing Rules**" means the listing rules of ASX; and
- (h) "**Share**" means an ordinary share in the capital of the Company.

2. CONVERSION

2.1 The Discovery Shares will automatically Convert to Shares on the basis of one (1) Share for every one (1) Discovery Share held on achievement of the Commercial Discovery which meets the following criteria:

- (a) The Commercial Discovery is made in a well ("**Well**") that was drilled as part or all of the interest earning operations on any of the leases referred to in clause 2.1(b) below and to which ETE or a related body corporate is a contributing party.
- (b) The zone in which the Commercial Discovery is made ("**Zone**") is intersected by the Well at a point that falls within one of the following leases:

OCS-G 27089 South Marsh Island, South Addition Block 138

OCS-G 27091 South Marsh Island, South Addition Block 152

- (c) The Zone must not be in fluid communication with any zone that has been logged as productive in a well that has been drilled previously, either within the lease or in an adjoining lease.
 - (d) The Zone must be capable of producing in paying quantities as defined by 30 CFR Section 250.116 as published in the Federal Register by the USA Minerals Management Service or, if failing to meet those requirements, is completed as a zone capable of commercial production.
- 2.2 If a Commercial Discovery is made that meets the criteria set out in clause 2.1 above, the directors of the Company shall use their best efforts to cause the Company to do all things necessary to procure the conversion of the Discovery Shares into ordinary fully paid shares in ETE and to seek their quotation on ASX within thirty (30) days of receipt of written notice from the Company that a producible well has been drilled in accordance with clause 2.1 above. Such written notice shall identify the Well and the Zone that is capable of producing in paying quantities. If a holder of any Discovery Shares wishes a nominee to be issued shares on the conversion of the Discovery Shares then, subject to any ASX restrictions, it must provide an executed transfer of those Shares to the parties that should be assigned the Shares.
- 2.3 Where Conversion occurs pursuant to this clause it shall be a condition of allotment of the Shares that the holder of the Discovery Shares and the Company enter into a voluntary escrow agreement pursuant to which the holder of the Shares (once the Discovery Shares are converted) agrees that the Shares will be placed in escrow, with 50% of the Shares being released from escrow upon first commercial production from any well in which the Zone is intersected and is deemed capable of commercial production, and the remaining 50% of the Shares being released from escrow on a date which is 3 months after the date on which the first 50% of the Shares are released from escrow.
- 2.4 Should a Commercial Discovery not be made during the period of 5 years from the date of issue of the Discovery Shares, the Discovery Shares will automatically be Converted to Shares on the basis of one (1) Share for every twenty five thousand (25,000) Discovery Shares held.

3. RIGHTS OF THE DISCOVERY SHAREHOLDERS

- (a) A Discovery Share shall confer on the holder the right to receive notices of general meeting and financial reports and accounts of the Company that are circulated to shareholders. Holders have the right to attend general meetings of shareholders of the Company.
- (b) A Discovery Share does not entitle the holder to vote on any resolutions proposed at a general meeting of the shareholders of the Company other than a resolution to amend the rights attaching to a Discovery Share.
- (c) A Discovery Share does not confer on the holder any right to dividends or performance payments by the Company.
- (d) A Discovery Share does not confer on the holder any right to participate in the surplus profits or assets of the Company on winding up of the Company.

- (e) The Discovery Shares are not transferable.
- (f) If at any time the issued capital of the Company is reconstructed, all rights of the holders of Discovery Shares will be changed to the extent necessary to comply with the applicable Listing Rules at the time of reorganisation.
- (g) The Discovery Shares will not be quoted on ASX.
- (h) Except to such extent as may be provided in this Annexure, or as may be inconsistent with any rights of the Discovery Shares, the Discovery Shares will have no other rights except as set out in this Annexure and those provided at law where such rights at law cannot be excluded by the terms set out in this Annexure.

3.2 **Listing of Converted Shares**

The directors of the Company shall use their best efforts to cause the Company to apply for and use its best endeavours to obtain, within 5 Business Days after the Conversion, the listing of the Shares issued as a result of the Conversion of the Discovery Shares on the ASX. The Shares into which the Discovery Shares will convert will rank pari passu in all respects with existing Shares.