

ASX RELEASE

29 January 2010

QUARTERLY ACTIVITIES REPORT Quarter ended 31 December 2009

HIGHLIGHTS

Successful drilling activity at the Green River Basin, onshore USA – ENTEK drilled two wells in the Green River Basin during the Quarter, with both wells encountering numerous oil and gas intersections expected to deliver commercial production when tied into the existing production facilities. The wells are part of the Company's farm-in which covers approximately 66,000 acres of highly prospective and productive leased acreage in the Green River Basin in Colorado and Wyoming in the USA.

Acquisition of four blocks with proven reserves and high prospectivity in the offshore Gulf of Mexico, USA – subsequent to Entek's announcement on 20 August 2009 that it was high bidder on five Blocks in the Minerals Management Service (MMS) Federal offshore oil and gas lease sale for the Gulf of Mexico; Entek has been awarded 4 of those blocks:

GA A133 Block - On 29 October 2009, the Company was officially awarded Galveston Island Block A133 which it estimates has up to 24 BCF of proven, probable, possible and prospective resource.

On 11 November 2009, the Company was awarded three (3) additional new Blocks:

WC 517 Block - West Cameron Block 517 is estimated to have up to 42.8 BCF of proven, probable, possible and prospective resource.

GA 212 Block - Galveston Area Block 212 has an oil discovery well on the block, and an exploration prospect on the same structure with exploration potential of up to 4.2 Million Barrels.

GA 213 Block - Galveston Area Block 213 is adjacent to GA 212 and has an exploration prospect with exploration potential of up to 4.9 million barrels, on the same structural trend as GA 212 and with analogue production in GA 189 and GA 190. ENTEK has initiated independent certification of the proven, probable and possible reserves on GA A133 and WC 517.

Production & Revenue - Production continued during the Quarter from the Company's producing assets at High Island 24L Block offshore in the Gulf of Mexico and onshore in SW Queensland from Block ATP-269P.

Company secures funding for developing proved resources in the Company's portfolio in the Gulf of Mexico and the Green River Basin - on 8 December 2009 ENTEK announced the execution of Option Underwriting and Placement Agreements which together have provided \$11.78 million (before costs) to the Company via:

- The underwriting of the exercise of the Company's 31 December 2009 20 cent options, which raised \$6.8 million (before costs).
- A raising of \$4.978 million dollars (before costs), through the placement of up to 24.890 million shares (under the Company's existing 15% capacity) at \$0.20 to sophisticated and institutional investors.

FURTHER INFORMATION

GREEN RIVER BASIN, ONSHORE USA

OVERVIEW

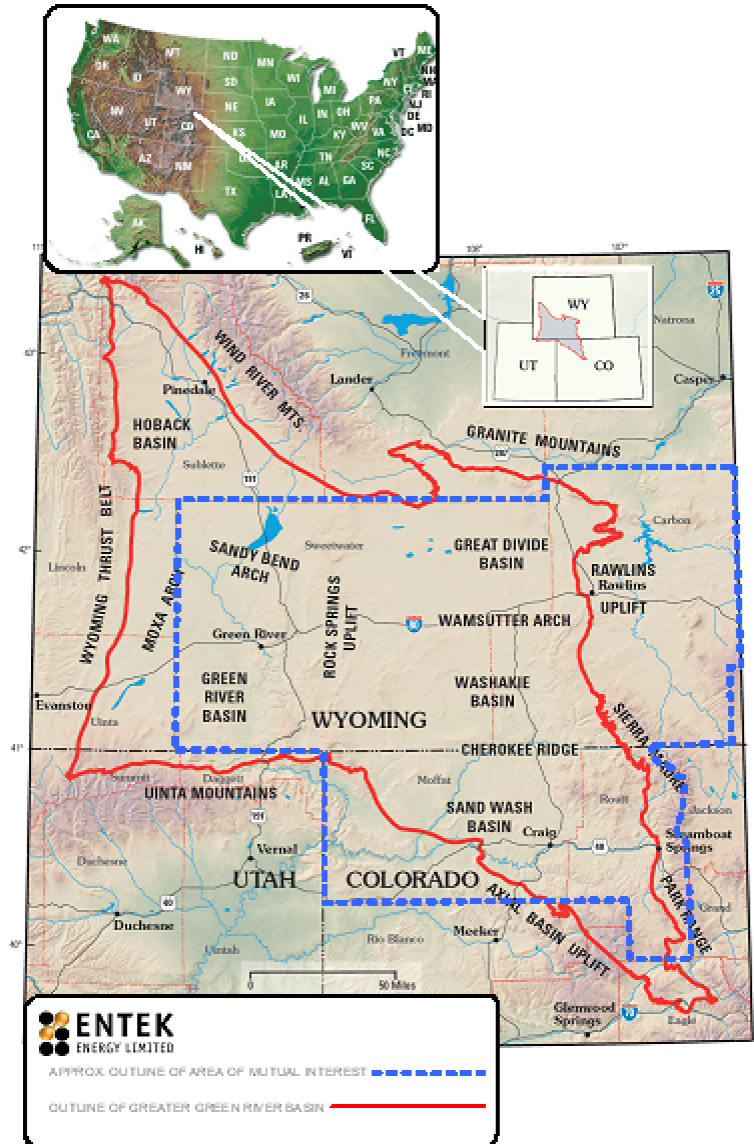
On the 6 November 2009 ENTEK announced the commencement of a two well drilling program onshore in the Green River Basin in Colorado, USA. Following is an overview of the operations on the wells.

🔧 The first well, **Robidoux 13-15T**, drilled to a Total Depth (TD) of 7,800 feet. 7 inch casing was set at 6,153 feet. Oil and gas shows were encountered in 5 different formations. The rig was then released at midnight on 21 November 2009.

🔧 The rig moved directly to the second well in the drilling program, **Battle Mountain 14-15**, which spudded on 27 November 2009. 7 inch casing was set at 6,090 feet. At 7,250 feet, a decision was made to complete the well, as while drilling the Niobrara significant natural fractures were encountered and mudlog shows suggested zones of potential oil and gas pay. Oil was recovered from the mud pits along with elevated gas shows while drilling this section.

However, whilst pulling out of the hole to run electric logs, it was evident some filling of the hole had occurred (likely from cavings through the fractured Niobrara). The decision was then made to circulate the wellbore with a conventional potassium chloride (KCl) brine solution.

The Niobrara formation had been drilled with nitrified foam to minimize reservoir damage. When it became evident a conventional KCl brine solution was required to enable the hole to be cleaned out to total depth to permit electric logging of the well, the decision was then made to



deepen the well to test the Frontier Sandstone Formation. The well was deepened to a final TD of 7,684 feet. Significant hydrocarbon shows were seen during drilling of the section immediately below the Niobrara.

The well was then completed with a 4 ½ inch liner hung at 5,879 feet to 7,680 feet.

The very significant oil and gas shows encountered in both wells are summarized in the following.

STATUS - ROBIDOUX 13-15T

From cuttings recovered whilst drilling and mud logging operations, and confirmed by electric logging:

- ☑ Gas charged coals and inter-bedded sandstones were intersected in the Mersaverde Sequence.
- ☑ The Hatfield Sandstone had significant gas and oil shows.
- ☑ The Deep Creek Sand appears gas charged with oil shows.
- ☑ The Mancos Formation is fractured and has good gas and oil shows.
- ☑ Oil and gas shows were encountered in the Niobrara Formation and a sandstone below the Niobrara Formation.
- ☑ The open hole section (predominantly the Niobrara Formation), from the 7 inch casing shoe at 6,153 - 7,800 feet, was swabbed and tested. Whilst oil and gas were recovered and the well flowed for periods of up to 4 hours, the well eventually loaded up with liquids and ceased to flow.
- ☑ The well is currently suspended whilst plans are made for further testing, completion and tie-in to production.

The Robidoux 13-15T well has proven a successful well and will be completed as a production well. The Slater Dome Structure has now been confirmed prospective in the following formations.

- ☑ ***Mersaverde Sequence (coals and interbedded sandstones)***
- ☑ ***Hatfield Sandstone***
- ☑ ***Deep Creek Sand***
- ☑ ***Mancos Formation***
- ☑ ***Niobrara Formation***

Only the Niobrara Formation has been tested and whilst an encouraging flow of oil and gas could be maintained for short durations (up to 4 hours), stabilized production was not achieved. Further evaluation of results will be carried out and a program prepared for further testing.

Due to the time expended on testing the Niobrara Formation, the shallower objectives listed above that provided good shows while drilling and were confirmed by electric log across each zone are all expected to be commercially viable production of either oil or gas and in some zones, potentially both oil and gas.

STATUS BATTLE MOUNTAIN 14-15

- ☑ The well encountered over 200 feet of net hydrocarbon pay between 2,000 – 2,650 feet in the Mersaverde Sequence, estimated from the mudlog shows and confirmed from electric logs.
- ☑ The Deep Creek Sand appears gas charged with oil shows.
- ☑ The Mancos, although lacking fractures, provided oil and gas shows while drilling, confirmed by the electric logs.
- ☑ While drilling the Niobrara significant fractures were encountered and mudlog shows suggest zones of potential oil and gas pay. Oil was recovered from the mud pits along with elevated gas shows while drilling this section. There is good natural fracturing evident over several zones in the Niobrara, where elevated gas shows and free oil were recovered during drilling.
- ☑ The Carlisle Formation below the Niobrara also appears fractured and exhibited good oil and gas shows while drilling.

The Battle Mountain 14-15 well has also proven a successful well and will be completed for production, adding further evidence that the Slater Dome Structure is prospective in the following formations.

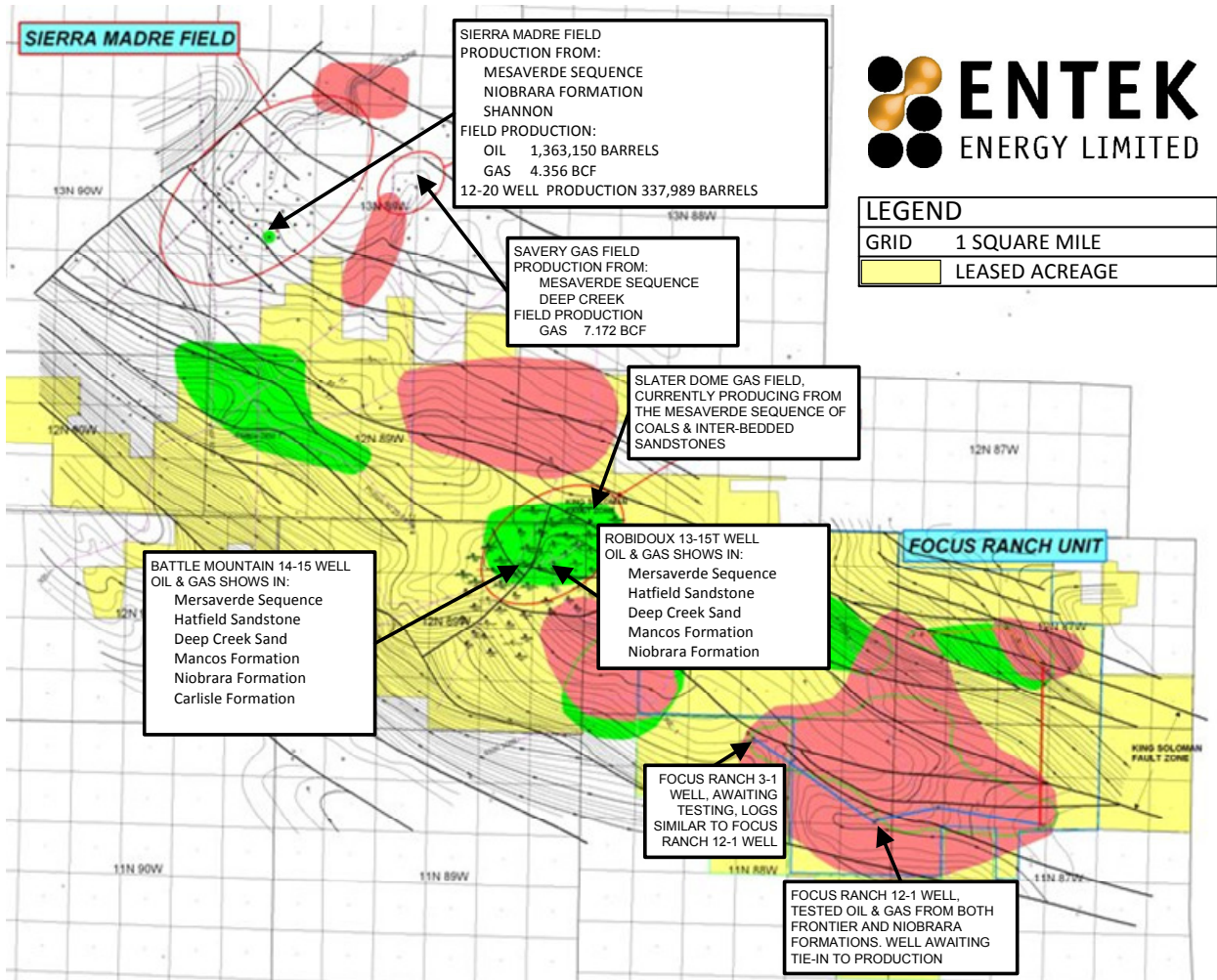
- ☑ ***Mersaverde Sequence (coals and inter-bedded sandstones)***
- ☑ ***Hatfield Sandstone***
- ☑ ***Deep Creek Sand***
- ☑ ***Mancos Formation***
- ☑ ***Niobrara Formation***
- ☑ ***Carlisle Formation***

Whilst no testing was completed on any zones in this well due to time constraints imposed by regulatory bodies, with respect to the Elk migration period, the following outcomes are the standout results from this well:

- 1. The excellent shows both whilst drilling and on the electric logs in the Mersaverde Sequence confirm this area as the best encountered so far on the Slater Dome structure through this sequence. This has the potential to significantly upgrade reserves and deliverability from the Slater Dome structure which currently produces from this sequence.***
- 2. The apparent fracturing within the Niobrara Formation is what was prognosed in this well, given the proximity to faults that induce natural fracturing within the formation. Whilst good shows were encountered in the Robidoux 13-15T well (which flowed on test, albeit for short durations), where a higher degree of fracturing has been encountered in the Niobrara, in the Battle Mountain 14-15 well it has been accompanied by excellent gas shows and free oil.***

The Battle Mountain 14-15 well is currently suspended until the Bureau of Land Management (BLM) permits operations to recommence, expected to be after 1 March 2010. Further evaluation of drilling and mud logging detail and electric logs is underway and a detailed testing program is being prepared in readiness for approval from the BLM for operations to recommence.

LOCATION MAP



GULF OF MEXICO, OFFSHORE USA

During the Quarter the Company was officially awarded four new blocks. After announcing on 20 August 2009, that it was high bidder on five Blocks in the Minerals Management Service (MMS) Federal offshore oil and gas lease sale for the Gulf of Mexico, held on 19 August 2009, the Company had to await the outcome of the formal review of bids by the MMS. Subsequently ENTEK was awarded four of the five blocks, Galveston Island Block A133 (GA A133), West Cameron Block 517 (WC 517), Galveston Area Block 212 (GA 212) and Galveston Area Block 213 (GA 213).

ENTEK’s current portfolio of Gulf of Mexico acreage is summarized in the following table.

AREA	BLOCK	AREA (ACRES)	EFFECTIVE DATE	LEASE TERM	LEASE	ROYALTY (%)	ENTEK WORKING INTEREST
HIGH ISLAND	24L S/2 SW/4	720	4-Apr-06	HBP*	M106410	20%	5%
HIGH ISLAND	24L N/2 SW/4	720	3-Oct-06	HBP*	M107044	20%	5%
HIGH ISLAND	25L S/2 SE/4	720	3-Oct-06	HBP*	M107045	20%	5%
HIGH ISLAND	32L N/2 /NW/4	720	3-Oct-06	HBP*	M107046	20%	5%
GARDEN BANKS	115	5,760	1-Feb-08	5	G31602	16.67%	100%
HIGH ISLAND	A246	5,760	1-Dec-06	5	G30684	16.67%	100%
MAIN PASS	252	4,995	1-May-08	5	G32258	18.75%	100%
GALVESTON	A133	5,760	1-Jan-10	5	G33407	18.75%	100%
GALVESTON	212	5,760	1-Dec-09	5	G33401	18.75%	100%
GALVESTON	213	4,680	1-Dec-09	5	G33402	18.75%	100%
WEST CAMERON	517	5,000	1-Dec-09	5	G33419	18.75%	100%
TOTAL AREA (ACRES)		40,595					

*HBP = Held By Production

PRODUCTION PERFORMANCE DURING THE QUARTER

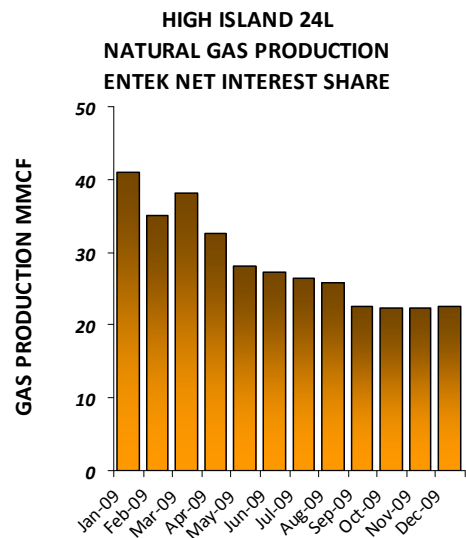
HIGH ISLAND 24L - GULF OF MEXICO

Production for the Quarter was stable with minimal interruption. Natural gas monthly production, net to ENTEK, for calendar year 2009 is illustrated in the chart to the right.

Production at High Island 24L commenced on 18 October 2007 following discovery of the resource in September 2006.

Production is from two wells:

HI 24-L S/2 SW/4 #1 and HI 24-L N/2 SW/4 #1.



HIGH ISLAND 24L NET REVENUE TO ENTEK

Whilst production has remained stable and in line with forecast decline, revenue has been impacted by the low commodity prices, particularly for natural gas. Natural gas prices have improved during the northern winter and should see revenues increase in the next quarter.

The following table summarizes actual and projected revenue for the calendar year to 31 December 2009.

MONTH		REVENUE (US\$)	<u>CUMUL</u> <u>REV'N (US\$)</u>
Jan-09	Actual	\$252,557.42	7,837,796.16
Feb-09	Actual	\$171,746.87	8,009,543.02
Mar-09	Actual	\$178,319.57	8,187,862.59
Apr-09	Actual	\$136,029.82	8,323,892.41
May-09	Actual	\$123,233.60	8,447,126.01
Jun-09	Actual	\$127,344.21	8,574,470.22
Jul-09	Actual	\$129,099.57	8,703,569.78
Aug-09	Actual	\$110,373.04	8,813,942.82
Sep-09	Actual	\$94,684.10	8,908,626.92
Oct-09	Actual	\$119,402.02	9,028,028.95
Nov-09	Projected	\$112,829.55	
Dec-09	Projected	\$154,504.10	

The projections for November and December 2009 are based on actual production for the months with Henry Hub NYMEX Spot Price used to estimate revenue.

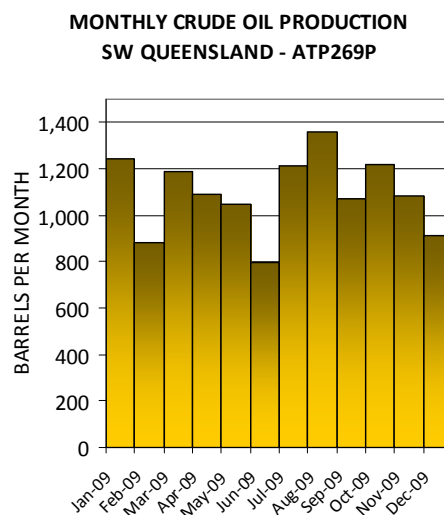
Total revenue net to Entek from High Island 24L passed US\$9 million, with the receipt of revenue for the month of October 2009.

The revenue projection for December 2009 reflects the improving natural gas price.

SW QUEENSLAND - ATP 269P

Production for the Quarter was stable until mid December when one well (Coolum-1) was shut down due to pump failure. The Operator, Beach Petroleum, is preparing workover justification and planning for this well. The chart to the right illustrates production to 31 December 2009.

Production is derived from three producing wells: Coolum-1, Byrock-2 & Marcoola-1.



FUNDRAISING

ENTEK initiated fundraising during the Quarter, when on 8 December 2009 the Company announced the execution of Option Underwriting and Placement Agreements which together have resulted in providing \$11.78 million (before costs) to the Company via:

1. **Capital Raising** - Commitments to raise up to \$4.978 million dollars (before costs), through the placement of up to 24.890 million shares at \$0.20 to sophisticated and institutional investors (as defined in Section 708 of the Corporations Act 2001) under the Company's existing 15% capacity. Subsequently:
 - on 30 December 2009, the Company issued 22,594,240 fully paid ordinary shares at an issue price of \$0.20 each: and
 - on 5 January 2010, the Company issued a further 2,295,760 fully paid ordinary shares at an issue price of \$0.20 each.
2. **Options Underwriting** - The underwriting of the exercise of the Company's 31 December 2009 options, which when exercised would raise \$6.8 million (before costs). Subsequently:
 - On 13 January 2010, the Company announced the completion of the exercise of the 31 December 2009 options. The Company received applications from option holders to exercise 25,277,767 options which equates to a 74.2% conversion rate.
 - As announced on 8 December 2009, the Company entered into an Underwriting Agreement to underwrite any unexercised 31 December 2009 options. The shortfall of 8,789,750 options was notified to the Underwriter who covered the commitment.

**ENQUIRIES:
RUSSELL BRIMAGE
CHIEF EXECUTIVE OFFICER**

+ 61 8 9213 4388 INFO@ENTEKENERGY.COM.AU

Competent Person's Statement:

Information in this report that relates to Hydrocarbon Reserves and or Resources is based on information compiled by Mr Russell Brimage, Chief Executive Officer of Entek Energy Limited who has consented to the inclusion of that information in the form and context in which it appears. Mr Brimage has over 30 years experience in the application of engineering to the petroleum industry in oil and gas exploration and production, both in Australia and internationally, as either an employee or consultant to oil companies operating in the upstream petroleum industry. Mr Brimage directs the Company's operations with the help of various professional consultants, appropriately qualified and experienced in their respective fields within the upstream petroleum industry. He is also an Associate Member of the Society of Petroleum Engineers.