

ASX RELEASE  
30 April 2010

## QUARTERLY ACTIVITIES REPORT

Entek Energy Limited ("Entek") ("the Company") is pleased to provide the following Activities Report for the quarter ended 31 March 2010.

### **HIGHLIGHTS**

#### **🚧 Farm out of Galveston Island Block A133 (GA A133)**

Entek has negotiated a farm down of its 100% owned GA A133 block in the Gulf of Mexico, retaining a 50% Working Interest. Entek and its partner Peregrine are committed to spudding the first well in July 2010, which is targeting 12 BCF of natural gas.

#### **🚧 Company farms into North Padre Block 975 (PN 975)**

At the time of negotiating the GA A133 farmout, Entek was able to farm into a low risk development opportunity, again with Peregrine, and has secured the right to earn a 25% Working Interest in a well, PN 975 A-11 ST01. The well, which is targeting 4 BCF of natural gas up-dip of wells that prove the accumulation, is currently being drilled.

#### **🚧 Entek acquires two oil prospective Blocks, Vermilion Block 341 and Vermilion Block 342, in the shallow waters of the Gulf of Mexico**

Entek and its co-bidder Peregrine, have officially been awarded Vermilion Block 341 and Vermilion Block 342 in the Vermilion Area, South Addition. Wells previously drilled on Vermilion 342 have discovered approximately 1.2 MMBO and 3.0 BCF of natural gas. Upside exploration potential on both blocks has been estimated at 4.0 MMBO and 6.0 BCF of natural gas.

#### **🚧 Entek gears up for commencement of operations in the Green River Basin scheduled to commence June 2010**

During the next six months (June to November 2010 inclusive), operations can be conducted, following the northern winter shutdown when operations other than production are curtailed.

#### **🚧 Entek's financial position remains robust with no debt and cash reserves of \$9.121 million at the end of the quarter**

#### **🚧 Ongoing 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.

#### **🚧 Entek appoints Michael L Verm to position of US Country Manager**

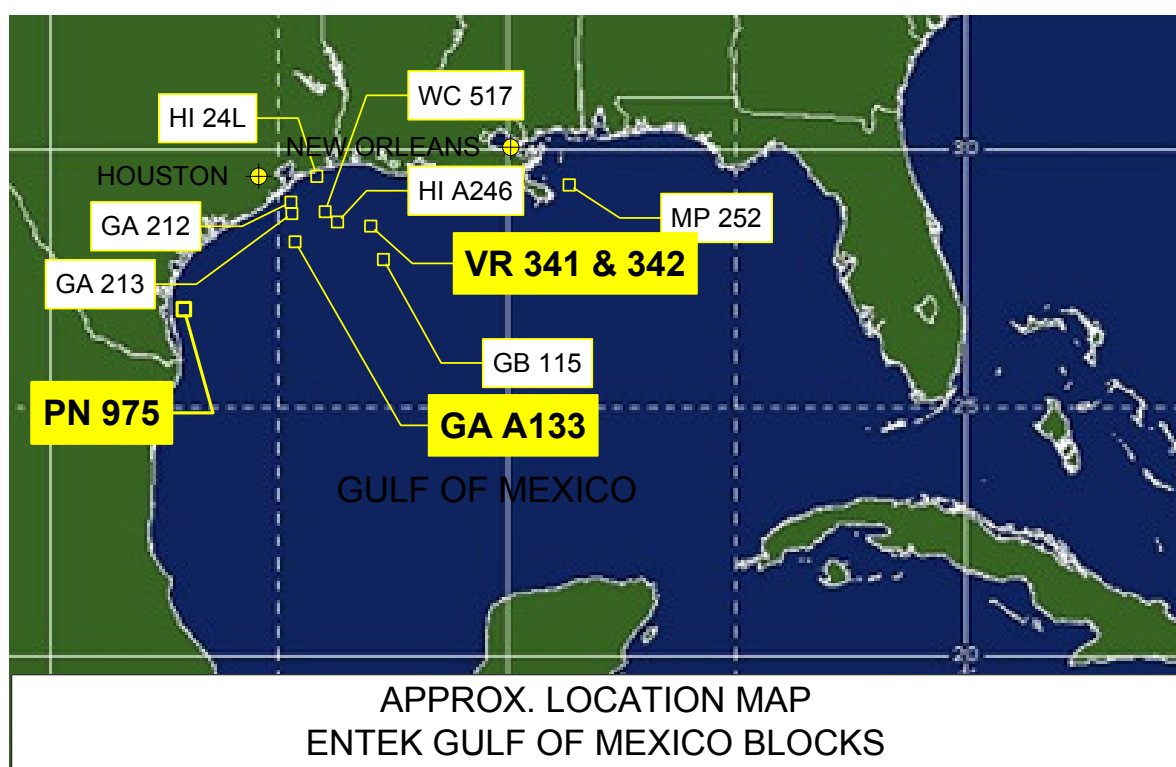
In February 2010, the Company appointed Michael L Verm to the position of US Country Manager. In this capacity Michael will oversee all US operations, both onshore and offshore.

Michael has extensive experience domestically in the US and internationally across both operational and management disciplines.

## ***FURTHER INFORMATION***

### **1. LOCATION MAP**

The following Location Map illustrates the proximity of Gulf of Mexico blocks discussed in the Highlights above to the Company's other blocks within its portfolio.



### **2. GULF OF MEXICO**

#### **2.1 Farm out of Galveston Island Block A133 (GA A133)**

The farm-out of a 50% Working Interest in GA A133 was completed during the quarter to Peregrine Oil & Gas II, LLC (Peregrine). Under the terms of the agreement between the parties:

- Peregrine will pay ground floor terms for drilling the first well and reimbursing Entek its sunk costs to earn a 50% Working Interest.
- Entek will have the right to have its production from the well processed through the existing platform facilities operated by Peregrine on adjacent block GA A155 at pre-agreed processing rates.

- Entek shall have access to the existing pipeline from the GA A155 platform for delivery to market of its production at pre-agreed pipeline tariff.

Access to the existing facilities (platform and pipeline) at GA A155 eliminates the need and associated cost to:

- Install a new platform (estimated cost US\$7.5 million), and
- Install a pipeline to deliver the natural gas and liquids to sales. (Estimated cost to install a new pipeline is US\$10 million).

The initial well in GA A133 will target a prospect with up to 12 BCF of prospective resource and is scheduled for drilling in early July 2010.

Forecast initial revenue net to Entek from a successful first well on GA A133 is US\$250,000 per month.

## **2.2 Company farms into North Padre Block 975 (PN 975)**

Entek is farming into the drilling of well A-11 ST01 on North Padre Block 975, to earn a 25% Working Interest by paying 33.33% of costs to drill the well prior to completion plus 25% of sunk costs (costs already incurred by Peregrine).

Well A-11 is an existing well at the North Padre Area, East Addition, Block 975 "A" Platform that is being re-entered and sidetracked to reach the prospect - 4 BCF of natural gas up-dip of wells that prove the accumulation. There is an additional 2 BCF of upside that can be produced later upon success.

The well was re-entered on the 27 April 2010 and is:

- Being drilled utilizing the Seahawk 2600 jack-up rig.
- Projected to take 15 days from re-entry date to drill and evaluate and a further 15 days to complete.
- Able to be trimmed into production immediately the completion is run in the well.

Conservative projected earnings from the well indicate payback of Entek's estimated US\$1,250,000 completed well cost share within 12 months, at which time there will still be 70% remaining of the initial 4 BCF reserve with potentially a further 2 BCF of upside reserve.

## **2.3 Entek acquires two oil prospective Blocks in the shallow waters of the Gulf of Mexico.**

At the MMS Central Lease Sale 213 which closed on 17 March 2010, Entek and its co-bidder Peregrine Oil & Gas II, LLC were high bidders on two adjacent blocks – Vermilion Block 341 (VR 341) and Vermilion Block 342 (VR 342) in the Vermilion Area, South Addition.

Subsequently, on 16 April 2010, the parties received advice the blocks had been officially awarded.

Vermilion 342 has a number of wells drilled on the block. These wells have discovered approximately 1.2 MMBO and 3.0 BCF of natural gas. The structure extends into the

Vermilion 341 Block. Upside exploration potential on both blocks has been estimated at 4.0 MMBO and 6.0 BCF of natural gas.

The acquisition of the interest in VR 341 and VR 342 is the culmination of an effort by the Company to secure valuable assets at minimal cost during a downturn in industry interest resulting from the Global Financial Crisis and its impact on commodity prices.

Throughout this process, whilst looking for growth opportunities created by changed market conditions, Entek has continued to:

- Watch the cash flow by closely monitoring working capital and cutting unnecessary costs.
- Maintain compliance with the Company's long-term business plan whilst showing preparedness to also build in contingency plans.
- Minimize risk with a balanced spread across low risk hydrocarbon basins.

***Entek is now positioned to move forward with maturing and developing this portfolio of assets and the scheduled drilling of Galveston A133 heralds the beginning of operations that are expected to significantly enhance cash flow and grow reserves.***

### **3. GREEN RIVER BASIN, ONSHORE USA**

#### **3.1 OVERVIEW**

Entek is farming into the Green River Basin through an agreement executed with New Frontier Energy, Inc. (New Frontier) in August 2009. With this transaction, Entek more than doubled the size of its US business and has set itself on track for substantial growth in both future revenue and reserves.

Under the terms of the farm-in agreement with New Frontier, Entek will spend the vast majority of the \$US12.5m commitment on a three-year work program aimed at increasing both production and reserves. In return, it will emerge with a 55% stake in substantially all acreage as well as production and processing and pipeline facilities.

Entek has currently earned 20.3% of New Frontier's Working Interest and will continue the earning process during the next six months (June to November 2010 inclusive), during which activity can recommence following the northern winter shutdown when operations other than production are curtailed. Entek has the right contractually to accelerate the farm-in process (to achieve full farm-in equity earn of 55% in less than 3 years).

Activity during the quarter in the Green River Basin has been confined to geo-science work and preparation for the operational window from June through to end November 2010.

## 4. PRODUCTION PERFORMANCE DURING THE QUARTER

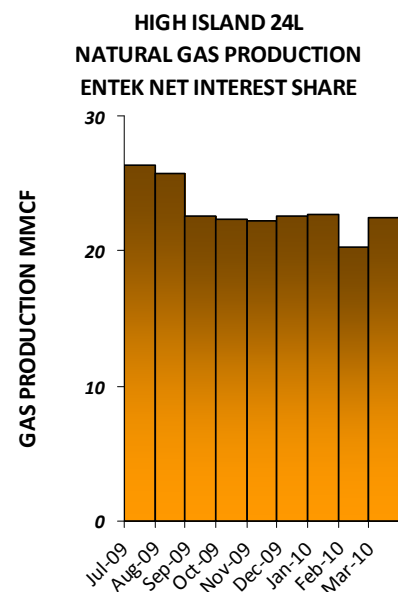
### 4.1 HIGH ISLAND 24L - GULF OF MEXICO

Production for the quarter was stable with minimal interruption. Natural gas monthly production, net to Entek for the financial year to date 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.



### 4.2 HIGH ISLAND 24L NET REVENUE TO ENTEK

Natural gas prices in the US reached a low in September 2009 and have steadily climbed since then. The gas price received in January 2010 is the highest since November 2008. Prices have subsequently declined since January 2010, so a correction downwards is anticipated in February and March, as the following TABLE forecasts.

The following TABLE summarizes actual and projected revenue for the financial year to date (31 March 2010).

MONTH		REVENUE (US\$)	CUMUL REV'N (US\$)
Jul-09	Actual	\$129,099.57	8,704,163.83
Aug-09	Actual	\$110,373.04	8,814,536.87
Sep-09	Actual	\$94,684.10	8,909,220.97
Oct-09	Actual	\$119,402.02	9,028,623.00
Nov-09	Actual	\$124,745.34	9,153,368.34
Dec-09	Actual	\$137,762.65	9,291,130.99
Jan-10	Actual	\$149,992.42	9,441,123.41
Feb-10	Projected	\$120,116.88	
Mar-10	Projected	\$121,277.53	

The projections for February and March 2010 are based on actual production for the months with Henry Hub NYMEX Spot Price used to estimate revenue, since there is a two month lag in receipt of revenue for a given month.

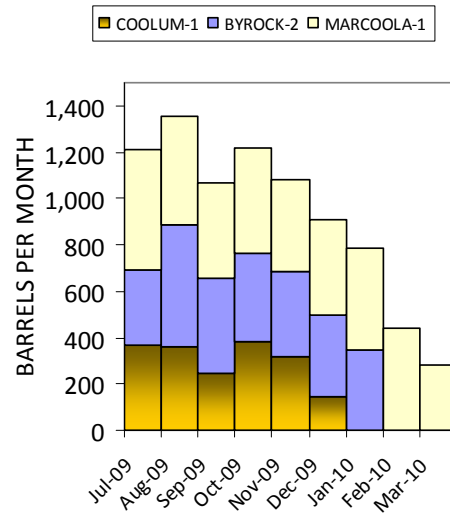
**4.3 SW QUEENSLAND - ATP 269P**

Production for the quarter was stable until mid December 2009 when one well (Coolum-1) was shut down due to pump failure. A work-over of this well is scheduled in April 2010. The significant rains in the area have now isolated the Byrock-2 well. This well will remain offline until access is restored. The CHART to the right illustrates gross production by well to 31 March 2010.

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

Entek has a 28.15% Working Interest.

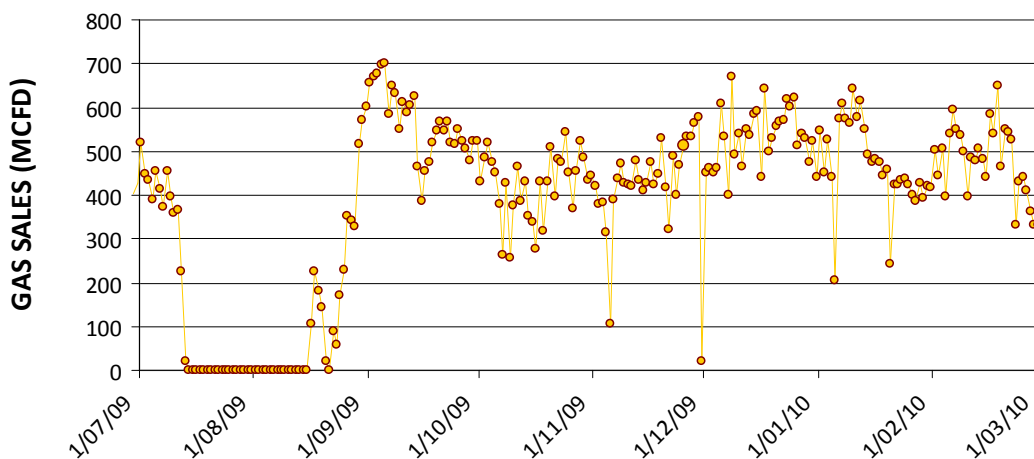
**MONTHLY CRUDE OIL PRODUCTION  
ATP269P (BY WELL)**



**4.4 SLATER DOME CBM PRODUCTION – GREEN RIVER BASIN**

Production for the financial year is illustrated in the following CHART.

**SLATER DOME GAS SALES TO 31 MAR 2010  
(Excludes Own Use Gas)**



Significant work has been done during the quarter on plans to implement remedial work to enhance production from the existing wells. The program will involve the trial of new pumps and perforating of additional zones in existing wells and is scheduled for mid year 2010.

## 5. CORPORATE

### 5.1 APPOINTMENT OF US COUNTRY MANAGER

Effective 1 February 2010, Michael L Verm took up the position of US Country Manager.

Michael is a senior oil and gas executive with extensive operating and development experience, coupled with proven skills in organization management and growth. His experience base includes the Gulf of Mexico, US onshore, Canada and International, in onshore and offshore operations.

After completing a Bachelor of Science in Petroleum Engineering (Summa Cum-Laude) at Texas A & M University, College Station, Texas in May 1980, Michael joined Kerr-McGee Oil and Gas Corporation in June 1980 as Operations Engineer in Morgan City, Louisiana. In 1993, Michael completed a Masters of Business Administration with Highest Honors at Oklahoma City University, Oklahoma City, Oklahoma.

Michael remained with Kerr-McGee until July 2007 and during this distinguished career held varied positions including:

- Vice President and Managing Director Kerr-McGee China Petroleum Ltd., a subsidiary of Anadarko Petroleum Corporation
- Director, Kerr-McGee China Petroleum Ltd
- Asset Manager, managing the mature assets of Kerr-McGee's northern North Sea fields
- Development Manager for development of the Kerr-McGee Leadon offshore field
- Technical Services Manager, Aberdeen, Scotland, for Kerr-McGee North Sea Business Unit
- Engineering Manager, London, England, for various Kerr-McGee North Sea Operations
- Production Manager, Calgary, Canada
- Exploration & Production Business Services Manager based in Oklahoma City, Oklahoma
- Reservoir Engineer

Following the lengthy term with Kerr-McGee / Anadarko, Michael worked with Royal Production Company in Corpus Christi, Texas, for one year before returning to Houston to join Entek.

Michael brings extensive management and operations experience to Entek's US onshore and offshore operations that will prove invaluable as the Company embarks on a surge of activity both onshore and offshore in the US during the remainder of 2010 and continuing into 2011.

## GLOSSARY

A\$	Australian dollar
BCF	Billion cubic feet (of natural gas)
BOPD	Barrels of oil per day

MMBO            Million barrels of oil  
US\$             United States dollars

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***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.