



Consolidated Financial Report for the Half-Year
to 31 December 2008

ENTEK ENERGY LIMITED
CORPORATE DIRECTORY

DIRECTORS: Craig Ian McGown (Chairman)
Russell Ernest Brimage (Chief Executive Officer)
David Anthony Craig
Andrew John Padman
Ian Richard Sandover

COMPANY SECRETARY: Jack Hugh Toby FCA AACS

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AUDITORS: **Stantons International**
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DIRECTORS' REPORT

The directors of Entek Energy Limited A.C.N. 108 403 425 ("Entek", "Parent Entity" or "Company") present their report including the consolidated financial report of the Company and its controlled entities ("Consolidated Entity or Group") for the half-year ended 31 December 2008. The Company is a listed public company limited by shares, incorporated and domiciled in Australia.

DIRECTORS

The names of the directors of the Company who held office during or since the end of the half-year are:-

Craig Ian McGown (appointed 18 July 2008)
Russell Ernest Brimage
Ian Richard Sandover
David Anthony Craig (appointed 18 July 2008)
Andrew John Padman (appointed 1 September 2008)
Paul Charles Garner (resigned 30 August 2008)

OPERATING RESULTS

The operating profit for the Consolidated Entity, after income tax amounted to \$2,472,147.

REVIEW OF OPERATIONS

During the half-year Entek continued to focus on the Outer Continental Shelf in the Gulf of Mexico (OCS GoM), USA. The Company's immediate and short term strategy is to focus on this proven low risk hydrocarbon producing region to grow its revenue and reserves.

Production continued from the High Island 24-L Block during the half-year at projected rates. However there was significant downtime during the months of August (16.5% downtime) and September (60.6% downtime), due to hurricane interruption. However the facilities suffered limited damage and were able to return to full production with minimal downtime relative to the impact on other operations in the area.

During the half year, in pursuit of the Company's strategy of growing its business in the OCS GoM, Entek submitted a bid for High Island Block 21 but was unsuccessful, the higher bid being lodged by Kerr-McGee Oil & Gas Corporation. Whilst disappointing, it demonstrates the Company's opportunity investigations are uncovering high quality prospects sought by companies much larger than Entek. Entek's strategy and growth plan in the OCS GoM is based on achieving a 50% success rate on bids submitted at the twice annual sales by the United States Department of the Interior, Minerals Management Service ("MMS"), conducted in the OCS GoM. To date the Company's success rate has been in excess of 50%.

This follows the award by the MMS of Entek's bid offered March 19th 2008 for Main Pass Area, South & East Addition, Block 252, in which Ryder Scott Company estimates Proven Reserves at 7.285 BCF, with Probable Reserves of another 4.214 BCF and Possible Reserves of 27.353 BCF. Entek holds a 100% Working Interest in this Block.

Despite the depressed commodity prices, Entek will continue to aggressively review new low risk opportunities aimed at enabling the Company to increase revenues and reserves.

In south west Queensland, Entek's 28.15% interest in ATP-269P contributed production net to the Company of 2,314 barrels of crude oil. Production from the three producing wells has stabilized at the rate of approximately 385 - 400 barrels of crude oil per month.

DIRECTORS' REPORT

SIGNIFICANT CHANGES

The following significant changes in the state of affairs of the Company occurred during the financial half-year:

On 18 July 2008, Mr Craig McGown and Mr David Craig were appointed non-executive directors of the Company. Mr McGown replaced Mr Brimage as Chairman of Directors. Mr Brimage remained a director and was also appointed Chief Executive Officer. Mr Paul Garner resigned as a director on 30 August 2008 and Mr Andrew Padman was appointed a non-executive director on 1 September 2008.

On 24 July 2008, the Company announced that Ryder Scott Company prepared an estimate of the reserves, future production, and income attributable for the Main Pass 252 Block awarded to Entek's wholly owned subsidiary Entek USA General LLC following the Central Gulf of Mexico Planning Area Sale 206 held in March 2008. Ryder Scott's Report estimates Proven Undeveloped Reserves of 7.285 BCF, sufficient to produce cash flows to fully recover the development costs of drilling and completing two development wells and connecting these wells to an existing platform near to the proposed well sites plus providing the Group with surplus cash flow (after Royalties and Operating Costs) of US\$20.459 million (or US\$14.951 million discounted at 10%). The revenue stream from the Proven Undeveloped Reserves is estimated to be recovered over a four year project life. The addition of Probable and Possible Undeveloped Reserves of 31.567 BCF have the potential to deliver additional surplus cash flow (after Royalties and Operating Costs) to the Group of US\$172.8 million (US\$120.1 million discounted at 10%). The project life to produce the Probable and Possible Undeveloped Reserves could potentially extend beyond 8 years.

On 25 July 2008, the Company issued 1,000,000 fully paid ordinary shares at 10 cents per share pursuant to the exercise of 1,000,000 options expiring on 30 December 2008.

On 1 September 2008, the Company issued 1,250,000 fully paid ordinary shares at 10 cents per share pursuant to the exercise of 1,250,000 options expiring on 30 December 2008.

On 14 November 2008, the Company issued 1,625,000 free options exercisable at 25 cents each and expiring on 29 June 2011 and a further 1,625,000 free options exercisable at 35 cents each and expiring on 30 June 2011. These options were issued to directors of the Company. The issue of these options was approved at the Annual General Meeting of shareholders held on 14 November 2008.

EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances have arisen since the end of the financial half-year at 31 December 2008 which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in subsequent financial years.

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the Corporations Act 2001 section 307C the auditors of the Company, Stantons International have provided a signed auditors independence declaration to the directors in relation to the half-year ended 31 December 2008. This declaration has been attached to the independent review report to the members of the Company.

Signed in accordance with a resolution of the directors.

DIRECTORS' REPORT



Russell Brimage
Director

26 February 2009
Perth, Western Australia

DIRECTORS' DECLARATION

The directors of Entek Energy Limited A.C.N. 055 719 394 ("Company") declare that:

- a) in their opinion the accompanying financial statements and notes of the Consolidated Entity;
 - i) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - ii) give a true and fair view of the Consolidated Entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and
- b) in their opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



Russell Brimage
Director

26 February 2009
Perth, Western Australia

**CONDENSED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Note	Half-Year to 31 December 2008 \$	Half-Year to 31 December 2007 \$
Revenue	2	3,707,187	206,983
Other income	2	2,615,611	—
Other expenses	2	(3,850,651)	(3,995,250)
PROFIT/(LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAX		2,472,147	(3,788,267)
Income tax		—	—
PROFIT/(LOSS) FROM CONTINUING OPERATIONS AFTER INCOME TAX		2,472,147	(3,788,267)
NET PROFIT/(LOSS) ATTRIBUTABLE TO MEMBERS		2,472,147	(3,788,267)
BASIC EARNINGS/(LOSS) PER SHARE (CENTS PER SHARE)		1.49	(2.56)
DILUTED EARNINGS/(LOSS) PER SHARE (CENTS PER SHARE)		1.45	(2.56)

The accompanying notes form part of this financial report

**CONDENSED BALANCE SHEET
AS AT 31 DECEMBER 2008**

	Note	31 December 2008 \$	30 June 2008 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		7,063,442	4,026,035
Trade and other receivables		1,528,813	1,589,563
Other financial assets		255,000	1,785,000
TOTAL CURRENT ASSETS		8,847,255	7,400,598
NON-CURRENT ASSETS			
Property, plant and equipment		23,489	23,256
Capitalised exploration expenditure		5,460,805	4,193,528
TOTAL NON-CURRENT ASSETS		5,484,294	4,216,784
TOTAL ASSETS		14,331,549	11,617,382
CURRENT LIABILITIES			
Trade and other payables		252,262	150,909
Provisions		2,062	—
TOTAL CURRENT LIABILITIES		254,324	150,909
TOTAL LIABILITIES		254,324	150,909
NET ASSETS		14,077,225	11,466,473
EQUITY			
Issued capital	3	17,357,312	17,132,312
Reserves	4	4,322,282	4,408,677
Accumulated losses		(7,602,369)	(10,074,516)
TOTAL EQUITY		14,077,225	11,466,473

The accompanying notes form part of this financial report

**CONDENSED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Note	Half-Year to 31 December 2008 \$	Half-Year to 31 December 2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		3,648,039	41,512
Payments to suppliers & employees		(865,105)	(735,348)
Interest received		105,490	53,591
NET CASH FROM/(USED IN) OPERATING ACTIVITIES		2,888,424	(640,245)
CASH FLOWS FROM INVESTING ACTIVITIES			
Exploration and Development expenditure		(848,757)	(3,340,184)
Purchase of property, plant and equipment		(3,578)	(2,000)
NET CASH FROM/(USED IN) INVESTING ACTIVITIES		(852,335)	(3,342,184)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from equity issues		225,000	3,018,342
Share issue costs		—	(162,580)
Loans from related parties		—	300,000
Loans repaid to related parties		—	(300,000)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES		225,000	2,855,762
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Net foreign exchange differences		2,261,089	(1,126,667)
Cash and cash equivalents at beginning of period		776,318	(40,500)
		4,026,035	3,546,918
CASH AND CASH EQUIVALENTS AT END OF PERIOD	5	7,063,442	2,379,751

The accompanying notes form part of this financial report

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

<u>Attributable to Members of the Company</u>	Issued Capital \$	Option Premium Reserve \$	Currency Translation Reserve \$	Accumulated Losses \$	Total Equity \$
<i>At 1 July 2007</i>	14,276,550	3,949,275	226,077	(10,444,967)	8,006,935
Currency translation differences	—	—	129,128	—	129,128
Loss for period	—	—	—	(3,788,267)	(3,788,267)
TOTAL LOSS FOR THE PERIOD	—	—	129,128	(3,788,267)	(3,659,139)
Securities issued	3,018,342	—	—	—	3,018,342
Capital raising costs	(162,580)	—	—	—	(162,580)
At 31 DECEMBER 2007	17,132,312	3,949,275	355,205	(14,233,234)	7,203,558

<u>Attributable to Members of the Company</u>	Issued Capital \$	Option Premium Reserve \$	Currency Translation Reserve \$	Accumulated Losses \$	Total Equity \$
<i>At 1 July 2008</i>	17,132,312	3,949,275	459,402	(10,074,516)	11,466,473
Currency translation differences	—	—	(165,319)	—	(165,319)
Profit for period	—	—	—	2,472,147	2,472,147
TOTAL PROFIT FOR THE PERIOD	—	—	(165,319)	2,472,147	2,306,828
Securities issued	225,000	78,924	—	—	303,924
At 31 DECEMBER 2008	17,357,312	4,028,199	294,083	(7,602,369)	14,077,225

The accompanying notes form part of this financial report

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

NOTE 1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Consolidated Entity as the full financial report. The half-year financial report should be read in conjunction with the annual financial report of Entek Energy Limited as at 30 June 2008. It is also recommended that the half year financial report be considered together with any public announcements made by Entek Energy Limited during the half year ended 31 December 2008 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

Basis of accounting and statement of compliance

The half-year financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements. The interim financial statements were approved by the Board of Directors on the date the Director's Report is dated. The accounting policies applied by the Company in this interim financial report are the same as those applied by the Company in its financial report for the year ended 30 June 2008.

The half-year financial report has been prepared on a historical cost basis, except for held-for-trading financial assets that have been measured at fair value. The carrying values of recognised assets and liabilities that are hedged with fair value hedges are adjusted to record changes in the fair values attributable to the risks that are being hedged. For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

At the date of authorisation of the financial report, the following Standards and Interpretations were in issue but not yet effective:

- AASB 8 – Operating Segments, effective from 31 December 2009
- AASB 101 – Presentation of Financial Statements, effective from 31 December 2009

Statement of compliance

The half-year financial report complies with the Corporations Act 2001 and AASB 134 "Interim Financial Reporting". Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting".

Significant Accounting Policies

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2008.

Half-Year to 31 December 2008	Half-Year to 31 December 2007
\$	\$

NOTE 2. REVENUE, INCOME AND EXPENSES

The profit/(loss) before income tax expense includes the following revenues and expenses where disclosure is relevant in explaining the performance of the Company:

REVENUE	Half-Year to 31 December 2008	Half-Year to 31 December 2007
	\$	\$
Oil and gas sales	3,601,697	153,392
Interest received	105,490	53,591
	3,707,187	206,983
	3,707,187	206,983

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Half-Year to 31 December 2008 \$	Half-Year to 31 December 2007 \$
OTHER INCOME		
Foreign exchange gains	2,615,611	—
	<u>2,615,611</u>	<u>—</u>
CHARGING AS EXPENSES		
Staff and consultants	372,066	275,236
Oil and gas operations expenses	1,013,334	988,014
Legal Fees	10,706	58,269
Amortisation of capitalised expenditure	402,339	—
Capitalised exploration expenditure written off	—	1,901,731
Decrease in value of listed securities	1,530,000	95,116
Foreign exchange loss	—	310,744
Cost of share based payment	78,924	—
Other	443,282	366,140
	<u>3,850,651</u>	<u>3,995,250</u>

	Half-Year to 31 December 2008 \$	Year to 30 June 2008 \$
NOTE 3. ISSUED CAPITAL		
ORDINARY SHARES		
165,935,018 (30 June 2008: 163,685,018) fully paid ordinary shares	17,357,308	17,132,308
1,000,000 (30 June 2008: 1,000,000) Discovery shares	4	4
	<u>17,357,312</u>	<u>17,132,312</u>

MOVEMENTS IN ORDINARY SHARES		
At the beginning of the period	17,132,308	14,276,546
1,000,000 shares issued on 25 July 2008	100,000	—
1,250,000 shares issued on 1 September 2008	125,000	—
11,806 shares issued on 31 July 2007	—	2,361
2,353 shares issued on 20 August 2007	—	471
1,350,002 shares issued on 27 Sep 2007	—	135,001
1,125,000 shares issued on 18 October 2007	—	112,500
51 shares issued on 19 December 2007	—	10
15,377,773 shares issued on 19 Dec 2007	—	2,767,999
Capital raising costs	—	(162,580)
AT THE END OF THE FINANCIAL PERIOD	<u>17,357,308</u>	<u>17,132,308</u>

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Half-Year to 31 December 2008	Year to 30 June 2008
	\$	\$
NOTE 4. RESERVES		
Option premium reserve	4,028,199	3,949,275
Currency translation reserve	294,083	459,402
	4,322,282	4,408,677
MOVEMENTS IN OPTION PREMIUM RESERVE		
At the beginning of the period	3,949,275	3,949,275
3,250,000 options issued 14 November 2008	78,924	—
	4,028,199	3,949,275
AT THE END OF THE FINANCIAL PERIOD		
MOVEMENTS IN CURRENCY TRANSLATION RESERVE		
At the beginning of the period	459,402	226,077
Consolidation adjustment for the half-year	(165,319)	233,325
	294,083	459,402
AT THE END OF THE FINANCIAL PERIOD		

NOTE 5. RECONCILIATION OF CASH AND CASH EQUIVALENTS

For the purposes of the Condensed Cash Flow Statement, cash and cash equivalents comprise cash at bank.

NOTE 6. SEGMENT INFORMATION

PRIMARY REPORTING BUSINESS SEGMENTS

During the half-year ended 31 December 2008 and also during the half-year ended 31 December 2007, the Consolidated Entity operated entirely in the oil and gas industry.

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

SECONDARY REPORTING GEOGRAPHICAL SEGMENTS

	External Revenue \$	Inter-Segment Revenue \$	Total Revenue \$	Segment Profit/(Loss) \$
HALF-YEAR TO 31 DECEMBER 2008				
Australasia	396,583	—	396,583	496,018
North America	3,310,604	—	3,310,604	1,976,129
TOTAL	3,707,187	—	3,707,187	2,472,147

	External Revenue \$	Inter-Segment Revenue \$	Total Revenue \$	Segment Profit/(Loss) \$
HALF-YEAR TO 31 DECEMBER 2007				
Australasia	88,810	—	88,810	(1,870,343)
North America	118,173	—	118,173	(1,917,924)
TOTAL	206,983	—	206,983	(3,788,267)

Segment revenues, expenses and results may include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the economic entity at an arm's length. These transfers are eliminated on consolidation.

NOTE 7. CONTINGENT LIABILITIES

There has been no significant change in contingent liabilities since the last annual reporting date.

NOTE 8. EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial periods.

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ENTEK ENERGY LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Entek Energy Limited, which comprises the consolidated condensed balance sheet as at 31 December 2008, and the consolidated condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim And Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Entek Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Entek Energy Limited on 26 February 2009.

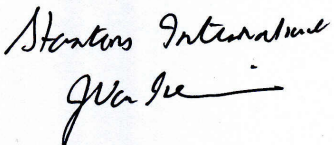
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Entek Energy Limited is not in accordance with the *Corporations Act 2001* including:

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ENTEK ENERGY LIMITED

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

STANTONS INTERNATIONAL
(Authorised Audit Company)



Stantons International
John P Van Dieren

John P Van Dieren
Director

West Perth, Western Australia
26 February 2009

Stantons International

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26 February 2009

Board of Directors
Entek Energy Limited
Ground Floor
15 Rheola St
WEST PERTH WA 6005

Dear Sirs,

RE: ENTEK ENERGY LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Entek Energy Limited.

As Audit Director for the review of the financial statements of Entek Energy Limited for the six months ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely,
STANTONS INTERNATIONAL
(Authorised Audit Company)



John Van Dieren
Director