

26th June 2009



ASX Announcement

ENTEK ENERGY LIMITED AGREES FARM-IN WITH NEW FRONTIER ENERGY INC.

- Entek to acquire 55% interest in the Slater Dome and Focus Ranch acreage and associated infrastructure owned by New Frontier Energy Inc (NFEI) in Colorado and Wyoming, USA oil and gas interests with expenditure of up to US\$13.6 million. Entek will also provide convertible note funding of US\$1.0 million to NFEI.
- Slater Dome field already in production and currently averaging 1.1 MMCFD, with proven reserves of 15.3 BCF and 2P reserves of 35.2 BCF.
- Proven 2P Reserves in the Focus Ranch Unit is 2.258 million barrels of oil and condensate and 7.592 BCF of natural gas, where up to 800 MCFPD of gas and over 100 BOPD have been produced on test, with two existing wellbores ready for production.
- The farm in agreement includes significant existing newly installed infrastructure associated with the leased acreage, conservatively valued at US\$5.5 million.
- The farm-in entitles Entek to conduct a work program to enhance existing production and to develop proven CBM, and conventional and continuous oil and gas reserves within the leased areas and to conduct exploration for new CBM, conventional and continuous oil and gas reserves across the AMI, of which approx 70,000 acres are already leased.

Entek Energy Limited (Entek ASX: ETE) has completed a conditional agreement with Colorado-based New Frontier Energy Inc. (NFEI) to earn up to a 55% interest in NFEI's large exploration and production portfolio in the United States which includes significant production assets and exploration leases located within a highly prospective and expansive area in Colorado and Wyoming, USA.

The farm-in by Entek will be achieved by funding up to a total of US\$13.6 million joint operations over a notional 4 year period with expenditure committed directly to increase production and reserves. The offer has been accepted by NFEI and is subject to Entek's due diligence, Board approval and agreement by the parties of final documentation. Entek has the right to assume Operatorship when the interest earned by Entek exceeds the interest of NFEI.

Entek's Chief Executive Officer Russell Brimage said: "The farm-in agreement earns Entek a significant interest in production, certified reserves, infrastructure and exploration leases, and represents a significant step forward in the development of our US oil and gas business.

The agreement enables Entek to add long life reserves to its existing high productivity Outer Continental Shelf reserves in the Gulf of Mexico, effectively doubling its reserve base from 20 BCFE 2P Reserves, held within its High Island 24 Field and Main Pass 252 block in the Gulf of Mexico, to around 43 BCFE 2P Reserves."

Within the agreement, Entek and NFEI have agreed an Area of Mutual Interest (AMI) covering a significant portion of the Greater Green River Basin (Colorado and Wyoming, USA), regarded by Entek as highly prospective for further exploration success in both coal bed methane, conventional and continuous oil and gas resources, with the potential to offer very long life reserves when proven commercial.

Ends

Further information

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ASSETS

Entek can earn up to 55% of NFEI's interest in all acreage and associated assets comprising:

- Existing coal bed methane production from the extensive coal measures within the Mesaverde Group. The Slater Dome CBM Field is already in production, averaging 1.1 MMCFD.
- Certified Reserves in the Slater Dome CBM Field, including proven reserves of 15.3 BCF and 2P reserves of 35.2 BCF.
- Existing infrastructure in the Slater Dome CBM Field comprising gathering lines, processing facilities, compression and a main delivery pipeline to sales, conservatively valued at US\$5.5 million.
- In addition to the replacement value of the infrastructure, strategically the gathering system provides the only access to market from this part of the basin.
- Proven 2P Reserves in the Focus Ranch Unit, of 2.258 million barrels of oil and condensate and 7.592 BCF of natural gas, where up to 800 MCFPD of gas and over 100 BOPD have been produced on test, with two existing wellbores ready for production.
- The current leased acreage of approximately 70,000 acres includes the Slater Dome CBM Field, with extensive additional CBM potential, and the Focus Ranch Unit, with significant conventional and continuous oil and gas resources.
- Additional resources as reported by NFEI of 234 BCF of 3P reserves associated with the Slater Dome Gas Field (500 well locations).
- Prospective resources associated with the Niobrara Formation and Frontier Sandstone within the Focus Ranch Unit of 336 BCFE (24 well locations).
- Entek believes these numbers are encouraging for the acreage and will focus its work program to increasing both the production and certified reserves from all plays.
- The companies have agreed an Area of Mutual Interest (AMI), designated as the whole of Sweetwater and Carbon Counties in Wyoming and Routt and Moffat Counties in Colorado in the United States of America. The AMI covers a significant portion of the Greater Green River Basin, which includes the following sub basins: Sand Wash Basin, the Washakie Basin, the Red Desert Basin and the Green River Basin, ranked by Entek as highly prospective for further exploration success in both coal bed methane, conventional and continuous oil and gas resources (meaning very long life reserves when proven commercial).

PROSPECTIVITY

Within the acreage three main plays are of interest to Entek, these being:

- The Coal Bed Methane (CBM) potential associated with the extensive coal measures within the Mesaverde Group. The Slater Dome CBM Field is already in production, averaging 1.1 MMCFD. The Dixon Gas Field is adjacent to the acreage and the USGS penetrated additional coal measures within the acreage, highlighting additional CBM potential throughout the held acreage and AMI area.
- The Niobrara Formation “continuous oil and gas play” (as described by the USGS), where up to 800 MCFPD of gas and more than 100 BOPD have been produced on test from multiple levels within the Focus Ranch Unit. The play exists across the held 70,000 acres, as evidenced by the production in the southeast from the 12-1 well within the Focus Ranch Unit and the production from the Sierra Madre Field to the northwest, immediately adjacent to the acreage, which has produced 4.2 BCF and 1.3 MMBBLS oil to date. The play is also believed to extend outside of the existing leases, but within the AMI area.
- Conventional sandstone targets of the Frontier Sandstone, Deep Creek Sandstone and Dakota Sandstone, where gas has been produced on test across the acreage up to 2.5 MMCFD and have the potential to add significant reserves and production. These sandstones will initially be targeted at both Slater Dome and within the Focus Ranch Unit.

COMPANY STRATEGY

Entek’s core area of business has been the Outer Continental Shelf waters of the Gulf of Mexico (GoM). Reserves within this region are generally high return, high rate projects (typically 3-5 years). The farm-in to the acreage of NFEI provides Entek the opportunity to develop a significant long life reserve to underpin the, high rate, high return reserves the company will continue to accumulate in the GoM.

The NFEI farm-in meets Entek’s strategic requirements with respect to risk. The NFEI acreage is low risk, the Slater Dome CBM Field is in production with newly installed pipelines, processing and compression facilities. The challenge is to develop a sound exploitation strategy to maximize recovery and grow the certified reserves, while imposing effective and efficient production practices.

The Focus Ranch Unit has two wells drilled (12-1 and 3-1) both of which encountered oil and gas, and produced on test (12-1). Entek proposes to further evaluate both wells in the first stage of the farm-in work program, and if results justify, these wells will be put on line to production.

Both the Slater Dome CBM Field and the Focus Ranch Unit have considerable upside potential to grow a significant long life (20 years plus) reserve portfolio.

FORWARD WORK PROGRAM

Year 1 operations to be funded (US\$3 Million) and managed by Entek aims to:

- Increase production from the Slater Dome CBM Field.
- Increase the certified reserves associated with the Slater Dome CBM Field.
- To further test the 12-1 and 13-1 discovery wells within the Focus Ranch Unit and subject to outcome, bring into production with the installation of flowlines to market.

- Increase the certified reserves associated with the Focus Ranch Unit.

AGREEMENT OVERVIEW

The farm-in by Entek will be achieved by funding joint operations over a notional 4 year period with expenditure committed directly to increase production and reserves. The agreement with NFEI is subject to Entek due diligence, Board approval and agreement by the parties of final documentation. The key terms of the agreement are:

- Entek agrees to spend US\$13.6 million over a four year term on exploration and development within an area of mutual interest to earn 55% of NFEI's interest in its acreage and assets and any new acreage acquired during the farm-in term within the AMI.
- Entek may terminate the farm-in at any time; however if termination is prior to meeting the 1st year farm-in commitment of US\$3 million, Entek shall not have earned any interest in NFEI's acreage and assets.
- After the first year farm-in is completed, Entek may terminate the farm-in and will retain a pro-rata interest in NFEI's acreage and assets, calculated on the to-date expenditure by Entek as a proportion of US\$13.6million.
- Immediately Entek formally executes a Farm-in Agreement with NFEI, Entek shall subscribe for Convertible Notes in NFEI to a value of US\$1 Million. The secured notes will have a term of 2 years.
- Entek has the right to assume Operatorship when the interest earned by Entek exceeds the interest of NFEI.
- The farm-in entitles Entek to conduct a work program to enhance existing production and to develop proven conventional and continuous oil and gas reserves within the leased areas. Entek is also entitled to conduct exploration for new CBM, conventional and continuous oil and gas reserves across the AMI, of which approx 70,000 acres are already leased.

NOTES

Nomenclature:

BCF	Billion cubic feet (of natural gas)
BOPD	Barrels of Oil (or condensate) Per Day
MCF	Thousand Cubic Feet (of natural gas)
MCFPD	Thousand Cubic Feet Per Day
MMCF	Million Cubic Feet (of natural gas)
MMCFPD	Million Cubic Feet Per Day
USGS	U.S. Geological Survey

Reserves represent that part of resources which are commercially recoverable and have been justified for development.

1P is used to denote proved reserves

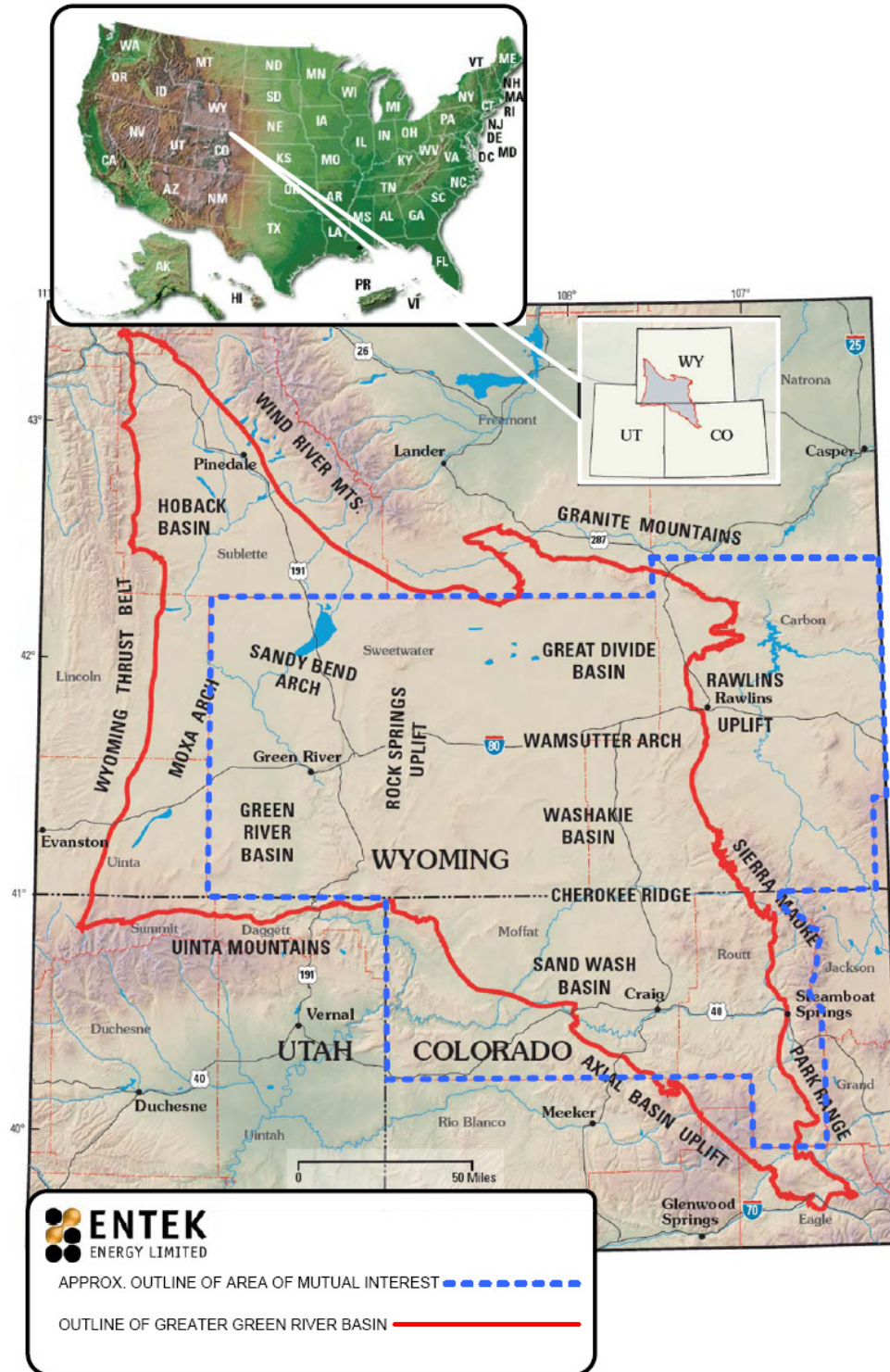
2P is the sum of proved and probable reserves

3P is the sum of proved, probable and possible reserves.

Prospective resources are estimated volumes associated with undiscovered accumulations.

More details can be found at: http://www.spe.org/spesite/spe/spe/industry/reserves/PRMS_guide_non_tech.pdf

LOCATION MAP



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.

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.