

31st July 2007



Company Announcements
ASX Limited

ENTEK ENERGY LIMITED

ACTIVITY REPORT for the Quarter ended 30 June 2007

HIGHLIGHTS

- ⚙️ Development of the High Island 24-L gas discovery progressed during the quarter, with production scheduled to commence in September 2007.
- ⚙️ A three well exploration drilling program in ATP-269P in SW Queensland commenced on June 5th 2007. The outcome has seen:
 - A new field discovery at MARCOOLA-1, with oil recovered from both the Hutton Sandstone and the Murta Formation.
 - Good, as yet untested oil shows in the Toolachee Formation in WARRAGON-1.
- ⚙️ The Company announced and completed an underwritten non-renounceable pro-rata rights issue to shareholders during the Quarter, with existing shareholders accepting approximately 72% of the rights on offer.

OPERATIONS

GULF OF MEXICO

The Company considers the Gulf of Mexico its primary area of interest and continues to focus on acquiring new opportunities to grow its portfolio and reserves base.

Management has spent considerable effort in the quarter on reviewing opportunities that fit its exploration strategy which is focused on association with competent and well established operators and prospect generators in the area, to define low risk exploration and development targets.

Specifically, the following is a summary of Entek's recent activity, including the Quarter from April 1st to 30th June 2007.

HIGH ISLAND 24-L

- ⚙ On the 19th February 2007, the Company announced that High Island Block 24-L, (N/2 SW/4) #1 well spudded at 09:00 hours February 14th 2007. The 4,572 metres (15,000 feet) well, located approximately 1,090 metres north west of the discovery well High Island Block 24-L, (S/2 SW/4) #1 (which flowed on test at 47.5 MMscfD) was successfully completed as a future producing gas well, after flowing 50.5 MMscfD on test, as announced by the Company on April 24th 2007.
- ⚙ During the Quarter, the development of the High Island Block 24-L gas discovery continued and is on schedule for commencement of production in September 2007. The Company announced an update of progress on the project on July 12th 2007, in which it advised:
 - A platform had been set on the original discovery tract HI-24L (S/2 SW/4), over the discovery well.
 - A platform currently in the yard onshore at New Iberia will be ready to be shipped and set on tract HI-24L (N/2 SW/4) in August 2007.
 - The 10" pipeline to tie the gas production to the market has been fabricated and is currently being laid. (Update: progress is continuing on the installation of this 10" line and is nearing completion).
 - The 8" sub-sea pipeline (laid between the two wells) has been installed.
- ⚙ The Initial production rate from High Island 24-L gas discovery development is expected to be approximately 80 MMscfD after stabilization of flowing conditions through the newly installed process facilities.

HIGH ISLAND A-246

- ⚙ The company has identified a gas prospect on its 100% owned 5,760 acre, High Island A-246 permit. The primary target is at a depth of 732 metres in this location, with additional secondary targets to a depth of 1,950 metres. The prospect has potential to hold 11.8 BCF of gas and up to 21.9 BCF if all zones contain hydrocarbons. Entek proposes to farm out this prospect so as to retain a 40% interest with a commitment to fund 20% of an estimated US\$3.5-4.5 million, dry hole cost for an exploration well and 40% of all subsequent drilling and development, should a discovery be made.

VIOSCA KNOLL 79

- ⚙ The Company received a proposal from the Operator to drill an exploration well on this block. After reviewing the risk profile and resource upside, the decision was made not to participate in the well. The Operator has been notified by Entek of its decision not to participate.

GENERAL

- ⚙ The Company continues to review further opportunities in the Gulf of Mexico.
- ⚙ The Company's current portfolio of assets in the Gulf of Mexico comprises:

LEASE	AREA (ACRES)	WORKING INTEREST
TEXAS STATE OFFSHORE LEASES		
No. M-106410, High Island Block 24-L S/2 SW/4 (Discovery Block)	720	5.0%
No. M-107044, High Island Block 24- L, (N/2 SW/4)	720	5.0%
No. M-107045, High Island Block 25- L, (S/2 SE/4)	720	5.0%
No. M-107046, High Island Block 32- L, (N/2 NW/4)	720	5.0%
FEDERAL OUTER CONTINENTAL SHELF BLOCKS		
OCS-G 27091, Block 152, South Marsh Island Area, South Addition	2,500	15.0%
OCS-G 27089, Block 138, South Marsh Island Area, South Addition	5,000	11.25%
OCS-G 26560, Block A 307, High Island Area, East Addition, South Ext.	5,760	10.0%
OCS-G 26190, Block 79, Viosca Knoll Area	5,760	10.0%
OCS-G 27078, Block 317, Vermilion Area, South Addition	5,000	10.0%
Block A-246, High Island Area, East Addition	5,760	100.0%

SW QUEENSLAND, ATP-269P

- ❖ On June 5th 2007, the ATP-269P joint venture commenced a three well drilling program, with the spudding of NUDGE-1. The primary objectives for the well were the sands of the Middle Jurassic Birkhead Formation and the Hutton Sandstone. Weak secondary potential was targeted in the Basal Jurassic. The well was plugged and abandoned after failing to encounter commercial hydrocarbons. The drilling rig was released on June 15th 2007.
- ❖ The 2nd well in the drilling program, MARCOOLA-1, was spudded on June 19th 2007. The primary objectives of the well were the Middle to Late Jurassic sands of the Hutton Sandstone and the thin basal sands of the Birkhead Formation. Secondary potential was recognized in the Westbourne Formation, the Wyandra Sandstone and the Murta Formation.
 - The well reached total depth of 1,348 mRT on June 26th 2007.
 - DST 1 conducted over the interval 1,208.5m-1,220m in the Hutton Sandstone flowed for 20 minutes before the packers failed. A total of 6 barrels of oil was reversed out of the test string. There was no evidence of water. The oil recovered had an indicated API gravity of 44.9.
 - DST 2 conducted over the interval 916.5m – 923.87m in the Murta Formation recovered 3.85 barrels of oil/oil emulsion (approx. 2.4 barrels oil) over a 96 minute flow period. The oil recovered had an indicated API gravity of 56.4. Whilst oil was recovered during testing, the test was marred by packer seat failures.
 - A suite of 30 side wall cores were sampled throughout the intervals of interest encountered during drilling.
 - The well has been cased and suspended whilst further analysis of all data is evaluated, prior to preparation of a completion program to bring the well into production.

- The rig was released from location on July 1st 2007.
- ✿ The third and final well in the 3 well drilling program, WARRAGON-1, spudded at 20:00 hours on July 5th 2007. Primary Objectives were the Basal Jurassic and the Toolachee Formation, with secondary objectives in the Patchawarra Formation and the Hutton Sandstone.
 - Attempts to flow test the oil shows in the Toolachee Formation were unsuccessful due to packer failure. Subsequent complications in recovery of the test string resulted in the joint venture deciding to case the well prior to further testing.
 - The drilling rig was released on the 26th July 2007, after setting casing.
 - The plan is to re-enter the well to test for commercial hydrocarbons in the near future, when appropriate equipment and services can be scheduled.
- ✿ During the month COOLUM-1 continued to produce at the rate of approximately 14 BOPD.
- ✿ BYROCK-2 has been suspended since November 6th 2006, following a successful test over the interval 1978 – 1968.8 metres in the Toolachee Formation, which recovered 10 barrels of oil in pipe over a 2 hour flow period. There was no sign of water. By way of update:
 - Completion of the well and commencement of production has been delayed due to flooding in the area and equipment/services availability.
 - The well is scheduled for completion late in July 2007 and expected to be in production in August 2007.

CORPORATE

- ✿ On May 21st 2007, the Company requested its securities be placed in a trading halt pending the release of an announcement.
- ✿ On May 23rd 2007, the Company requested its securities be placed in voluntary suspension pending the release of an announcement.
- ✿ On May 23rd 2007 the Company released an announcement re an underwritten non-renounceable pro-rata rights issue to shareholders, in which shareholders would be offered one New Share for every four Shares held on the Record Date of 7th June 2007 at an issue price \$0.16 per new Share together with one free attaching new Option (each with an exercise price of \$0.20 and an expiry date of 31st December 2009) for every two New Shares issued, to raise approximately \$4,666,177.

Approximately 29,163,607 new Shares and 14,581,804 new Options would be issued. The rights issue would be non-renounceable and the capital raising of \$4,666,177 would be underwritten by Patersons Securities Limited.

The Company further announced that funds raised from this rights issue will be used for:

- a) funding the costs of the issue;
- b) exploration expenditure on Oil and Gas Interests;

- c) repayment of loans;
 - d) working capital; and
 - e) administration expenses
- ☘ On 23rd May 2007 the Company announced its Prospectus in relation to the non-renounceable pro-rata rights issue.
 - ☘ On 23rd May 2007 the Company announced a letter had been sent to all shareholders re the non-renounceable pro-rata rights issue.
 - ☘ On 31st May 2007, the Company in compliance with Listing Rule 7.7.1 of the ASX Listing Rules, announced through a release to the ASX and a letter to overseas shareholders that it had determined that it was unreasonable to make the non-renounceable pro-rata rights issue offer to security holders outside of Australia and New Zealand.
 - ☘ On June 27th 2007, the Company announced that the Closing Date for Acceptance and Receipt of Applications under the Rights Issue was 5:00pm WST on 26 June 2007 and consequently the issue has closed with shareholders having subscribed for 20,939,299 ordinary shares pursuant to the Rights Issue, leaving a shortfall of 8,224,308 ordinary shares, with attaching options on the basis of one free attaching New Option for every two New Shares subscribed for.
 - ☘ On June 29th, the Company issued an Appendix 3B (New issue announcement, application for quotation of additional securities and agreement) for the issue of 20,939,299 Fully Paid Ordinary Shares and 10,469,578 Options expiring 31st December 2009, which had been issued on June 28th 2007.
 - ☘ On July 3rd 2007, the Company issued an Appendix 3B (New issue announcement, application for quotation of additional securities and agreement) for the issue of 8,224,308 Fully Paid Ordinary Shares and 4,112,151 Options expiring 31st December 2009 which had been issued on June 29th 2007, completing the Rights Issue.

NOMENCLATURE

BCF	billion cubic feet
BOPD	barrels of oil per day
m	metres
mRT	metres relative to the drilling rig rotary table
MMscfD	million std cubic feet per day

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