

31st July 2008

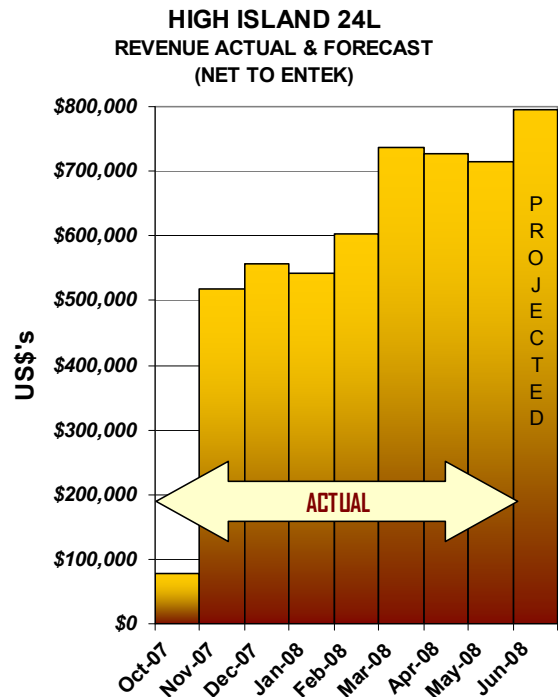
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**ENTEK ENERGY LIMITED (ASX CODE: ETE)
 ACTIVITY REPORT - Quarter ended 30th June 2008**

HIGHLIGHTS

Gulf of Mexico:

- Steady production from High Island 24L Block in the Gulf of Mexico enhanced by strong natural gas prices during the quarter.
- Entek formally awarded Main Pass Block 252.
- Ryder Scott Company complete reserves and cash flow estimates for Main Pass 252, with sufficient Proven Undeveloped Reserves underpinning project go-ahead.
- Subsequent Event – on July 21st the Company announced the appointment of two new directors.



SW Queensland:

- Production from SW Queensland Block ATP 269P effected by rains causing shutin of Byrock-2 in late June 2008.

	JAN 08	FEB 08	MAR 08	APR 08	MAY 08	JUN 08
GROSS PRODUCTION (BOPM)	1,160	971	2,384	2,652	2,528	2,079
NET TO ENTEK (BOPM)	327	273	671	747	712	585

PRODUCTION PERFORMANCE DURING THE QUARTER

Gulf of Mexico – High Island 24L

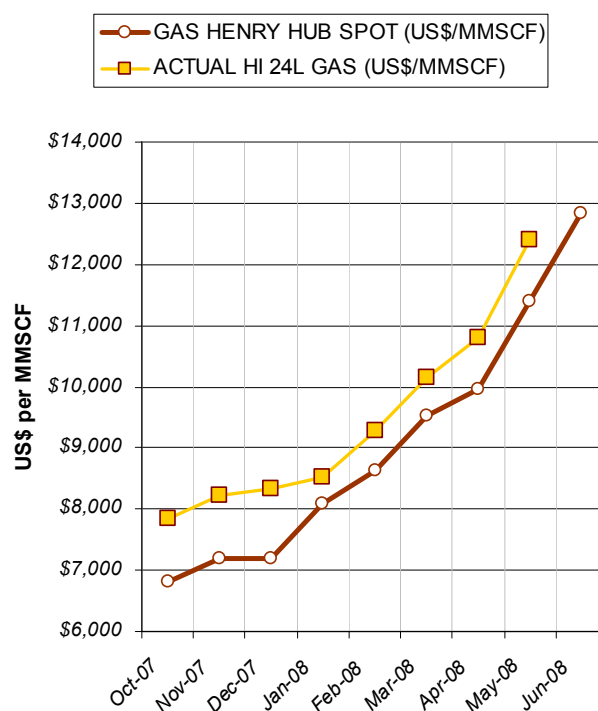
Production at High Island 24L commenced on October 18th 2007. Both wells (HI 24-L S/2 SW/4 #1 and HI 24-L N/2 SW/4 #1) remained on line during the quarter except for 10 days in May when HI 24-L S/2 SW/4 #1 was shut-in, whilst additional perforations were added.

The Spot Market Henry-Hub Natural Gas Price increased during the quarter, with a significant impact on the Company’s revenue. Revenue during the period is summarized in the following TABLE.

HIGH ISLAND 24L NET REVENUE TO ENTEK

MONTH		REVENUE (US\$)
Oct-07	Actual	\$77,057.35
Nov-07	Actual	\$517,348.29
Dec-07	Actual	\$557,341.80
Jan-08	Actual	\$542,096.10
Feb-08	Actual	\$603,033.18
Mar-08	Actual	\$737,737.35
Apr-08	Actual	\$728,065.47
May-08	Actual	\$715,459.01
Jun-08	Projected	\$795,075.20

HENRY HUB SPOT V HI 24L GAS PRICE



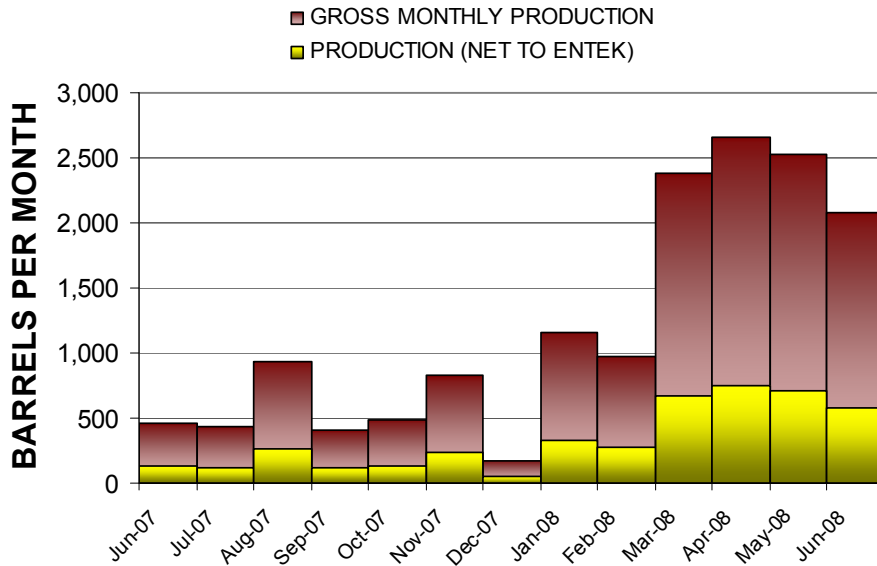
SW Queensland – ATP 269P

Production during the quarter was at a record level, despite Byrock-2 having to be shut-in on June 21st due to inaccessibility as a result of rains in the area. Byrock-2 remains shut-in.

Production is derived from three producing wells:

- Coolum-1
- Byrock-2
- Marcoola-1

**MONTHLY CRUDE OIL PRODUCTION
SW QUEENSLAND - ATP269P**



Coolum-1

Production from Coolum-1 remained constant throughout the quarter.

Byrock-2

Byrock-2 was shut-in remotely via satellite on the 21st June as the facility was inaccessible due to rain. The flow rate at Byrock-2 has dropped significantly over recent months, the cause of which is currently under investigation.

Marcoola-1

Marcoola-1 was brought online on the 9th January. Production remained constant during the quarter, although a slight drop in June will be monitored in the coming months.

MARCOOLA-1 PRODUCTION FOR THE QUARTER TO 30TH JUNE 2008

April 2008	May 2008	June 2008
1,596	1,526	1,379

OPERATIONAL UPDATE

Gulf of Mexico – Award of Block 252, Main Pass Area, South & East Addition

On April 23rd 2008, Entek announced the Company had received notice from the United States Department of the Interior – Minerals Management Service, that its bid offered March 19th 2008 for Main Pass Area, South & East Addition, Block 252 (MP-252), had been accepted.

The formality of processing of the award was completed during the quarter.

MP-252, located in 77 metres (253 feet) of water, contains a proven, but incompletely produced natural gas reservoir at the relatively shallow depth of approximately 2,438 metres (8,000 feet), plus a second proven natural gas reservoir, but in this case never before developed, at approximately 2,103 metres (6,900 feet).

Entek's Working Interest in MP-252 is currently 75% (58.44% after ORRI).

MAIN PASS 252 – RESERVES ESTIMATE

At the request of Entek, Ryder Scott Company prepared an estimate of the reserves, future production, and income attributable for the Main Pass 252 Block (El Capitan Prospect).

The El Capitan Prospect is defined by:

- ✪ 3D seismic over the Prospect.
- ✪ 6 well penetrations within the Prospect and numerous other well penetrations in adjacent block MP 252.
- ✪ Production history from the "L" Reservoir of 100 BCF from the Prospect.
- ✪ Analog production in the "L" Reservoir in block MP 255 which has produced in excess of 290 BCF.

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 Entek 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 Entek 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.

The following TABLE 1 summarizes the estimates made by Ryder Scott Company.

TABLE 1			
	Total Proved Undeveloped	Total Probable Undeveloped	Total Possible Undeveloped
Remaining Reserves			
Gas (MMCF)	7,285	4,214	27,353
Oil/Condensate - (barrels)	17,661	11,788	25,851
Entek Remaining Reserves			
Gas (MMCF)	5,464	3,161	20,515
Oil/Condensate - (barrels)	13,246	8,841	19,388
Entek Income Data			
Gross Future Revenue	\$45,368,043	\$25,947,481	\$159,501,443
Deductions	\$24,908,207	\$1,492,022	\$11,180,895
Future Net Income (FNI)	\$20,459,836	\$24,455,459	\$148,320,548
Discounted FNI @ 10%	\$14,951,931	\$19,279,797	\$100,803,108
Discounted FNI per ETE share (163,685,018 Ordinary Shares)	\$0.09	\$0.12	\$0.62

DEVELOPMENT OUTLOOK

It is planned that a high inclination well to approximately 2,438 metres (8,000 feet) will be drilled to re-tap the incompletely produced reservoir. Initial costs of this well are assessed at US\$5.6 million (Entek share US\$4.2 million should the Company retain a 75% Working Interest).

The Company's current cash position plus revenue of approximately A\$700,000 per calendar month is anticipated to provide sufficient working capital to meet this obligation. Entek's full economic evaluation of the reserves is based upon a two well development, the second well designed to accelerate production of the incompletely produced reservoir and also tap the proven but unproduced reservoir. Production would be tied back to existing production facilities nearby.

NOTES

1. Ryder Scott Petroleum Consultants evaluates oil and gas properties and independently certifies petroleum reserves quantities in the U.S. and internationally. Founded in 1937, Ryder Scott is one of the largest, oldest and most respected reservoir-evaluation consulting firms in the industry.

2. Gas Price used NYMEX strip price of gas at the Henry Hub per MMBTU (2008 \$11.96, 2009 \$11.11, 2010 \$10.25, 2011 \$9.97, 2012 onwards \$10.00)
3. Oil price used NYMEX strip price per barrel for West Texas crude delivered to Cushing, Oklahoma (2008 \$127.26, 2009 \$125.64, 2010 \$124.07, 2011 \$123.78, 2012 onwards \$124.19).
4. Development costs were furnished by an independent engineering company. Ryder Scott accepted these estimates as “reasonable without independent verification”.
5. Operating costs for the leases and wells were provided by an independent engineering company. The Gulf of Mexico has abundant infrastructure and operating costs are well structured in the area. Significantly, operating costs for gas operations are minimal once the wells are on line – even significant variations in these operating costs have minimal impact on Net Income.
6. The **New York Mercantile Exchange (NYMEX)** is the world’s largest physical commodity futures exchange, located in New York City.



APPROXIMATE LOCATION MAP BLOCK MP-252

Gulf of Mexico –GARDEN BANKS 115 BLOCK

The Cascade Prospect is ready to drill in the Garden Banks 115 Block:

- The recoverable resource estimate is 19.3 BCF, at a depth of 1,100 metres subsea (3,600 feet subsea).
- Hydrocarbon type expected: gas/condensate.
- Geologic control is through the numerous tests in the area exhibiting good reservoir characteristics, with seismic control utilizing Western Geco 3D over the prospect.
- Analog production of 215 BCFE cumulative surrounds the Cascade Prospect.
- Direct hydrocarbon indicators - amplitude anomaly, flat spot and down-dip conformance.
- A gas pipeline traverses the block and an oil pipeline is located 6 miles away.
- Cost to find & develop estimated at US\$2.11 per MCFE based on the recoverable resource estimate, (the NYMEX HENRY-Hub spot gas price for the month of June 2008 was US12.68 per MMBtu). {Note: 1 MMBtu is approximately equal to 1 MCFE}

Entek holds a 100% working interest (WI) in Garden Banks 115 and is currently discussing farm out options with its consultants in the USA.

CORPORATE

BOARD APPOINTMENTS – ENTEK ENERGY LIMITED

On July 21st 2008, Entek announced two new appointments to the Board, effective 18th July 2008.

- Mr Craig McGown joined the Board as Chairman
- Mr David Anthony Craig joined the Board as a Non-Executive Director.

Mr McGown is an Investment Banker with more than 35 years experience in capital raisings and mergers and acquisitions throughout Australia and internationally, particularly in the natural resources sector.

Mr Craig is an experienced businessman and lawyer who has held Executive and Board positions in the fields of law, financial services and the resources industry.

Mr McGown replaces Mr Russell Brimage as Chairman.

CRAIG McGOWN - B.Comm, FCA, ASIA

He is currently an Executive Director of New Holland Capital Pty Limited, the corporate advisory and investment banking business associated with the Taurus Group/Taurus Funds Management.

Mr McGown is formerly the Executive Chairman of DJ Carmichael Pty Limited and an Executive Director of Resource Finance Corporation Limited.

He is a Non-Executive Chairman of Pioneer Nickel Limited and a Non-Executive Director of Bass Metals Ltd and Peel Exploration Limited.

Mr McGown brings to the Board a comprehensive knowledge of the equity markets and financing of projects in relation to resource companies.

DAVID ANTHONY CRAIG - B.Juris (Hons) LLB (Hons) LLM (London) GDipAppFin (Finsia) MAICD

As a partner of a major Perth law firm he specialised in resources and commercial legal advice, which included work on resources joint ventures, the acquisition and disposal of interests in companies and projects as well as capital raisings.

This was followed by ten years in the financial services industry as a stockbroker and an executive director in a national stock broking and investment banking company.

Mr Craig then spent five years working with Woodside Petroleum Ltd in an Executive position in the field of public and government affairs. He brings to the Board expertise in the law, financial markets, stakeholder engagement, relationship management, strategic planning, and risk management.

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Nomenclature

BCFG or BCF	Billion cubic feet of natural gas
BOPD	Barrels of crude oil per day
BOPM	Barrels of crude oil per month
BFD	Barrels of fluid per day
MMBtu	Million British Thermal Units
MMCFG or MMCF	Million cubic feet of natural gas
ORRI	Overriding Royalty Interest

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.