

27 April 2007.

## Quarterly Activity Report

for the quarter ending 31 March 2007

### Highlights:

- **GULF OF MEXICO (GOM) APPRAISAL WELL IN WHICH ENTEK HOLDS A 5% WORKING INTEREST, FLOWS 50.5 MILLION CUBIC FEET (MMCFT) OF GAS PLUS 384 BARRELS OF CONDENSATE PER DAY ON TEST.**
- **PRODUCTION SCHEDULED BY LATE Q3 WITH EXPECTED PRE-TAX CASH FLOW NET TO ENTEK, OF \$690,000 PER MONTH FROM EARLY PRODUCTION, DECEMBER QUARTER 2007.**
- **BYROCK OILFIELD DEVELOPMENT DRILLING SCHEDULED FOR MAY, FOLLOWING SEISMIC INTERPRETATION AND CENTRAL AUSTRALIAN FLOODING EVENT.**

### Gulf Of Mexico

The company's portfolio of exploration permits in the Gulf of Mexico comprises.

Prospect	Working Interest %	Area Acres
HI 24-L N/2, SW4)	5%	720
HI 24-L S/2, SW4)	5%	720
HI 25-L S/2, SE/4)	5%	720
HI 32-L (N/2, NW/4)	5%	720
South Marsh 152	15%	2,500
South Marsh 138	11.25%	5,000
HI A 307 Area East	10%	5,750
Viosca Knoll B 79	10%	5,760
Vermillion B 317	10%	5,000
HI A-246 East addition	100%	5,760

### High Island Gas Discovery – (5% Working Interest)

During the March quarter, appraisal drilling was undertaken on a significant gas discovery, located on Entek's 5% held High Island permits in the GOM. The

appraisal well, which spudded on 14th February 2007, is located 1,090 metres northwest of the discovery well, in High Island Block 24-L, (N/2 SW/4), which adjoins High Island Block 24-L, (S/2 SW/4) to the south in which the discovery well is located.

Subsequent to the end of the quarter, the appraisal well intersected strong hydrocarbon shows over an approximate 146.3 metres of gross sand interval. After well completion, a 42.7 metre section of this zone was perforated and gas flowed at a stabilised rate of 50.5 mmcuft of gas plus associated condensate of 384 barrels, per day through a ½ inch wellhead choke. This result follows a previously announced flow of 47.5 mmcuft of gas plus 312 barrels of condensate per day through a 45/64<sup>ths</sup> wellhead choke from the discovery well, announced last October.

In light of these strong results, the operator is considering upgrading throughput capacity, which had been expected to be designed for a maximum of 80 mmcuft of gas per day and will now locate production facilities at the appraisal well (N/2 SW/4 #1). Production at an initial production rate of at least 80 mmcuft of gas plus 600-1000 bbls of associated condensate per day is expected late in the September quarter 2007. The operator is presently evaluating second hand platforms for application on-site along with fabricating processing equipment required for the deck. A pipeline route has been surveyed and pipe has been ordered for timely delivery.

Applying gas and oil prices of US\$7.50/mmBTU and US\$65/bbl respectively, Entek estimates that this project will contribute pre-tax cash flow revenue to the company of approximately A\$690,000 per month, from initial production, post the September quarter.

Entek and its joint venture partners plan to drill several shallow, low risk gas prospects, located within their current permit portfolio, by mid 2008, depending on the availability of drilling rigs. All prospects have been located using 3D seismic data, tied in by reference to nearby well data.

### **High Island Block A-246 (100% Working Interest)**

The company has identified a gas prospect on its 5,760 acre, HI 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 intends 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.

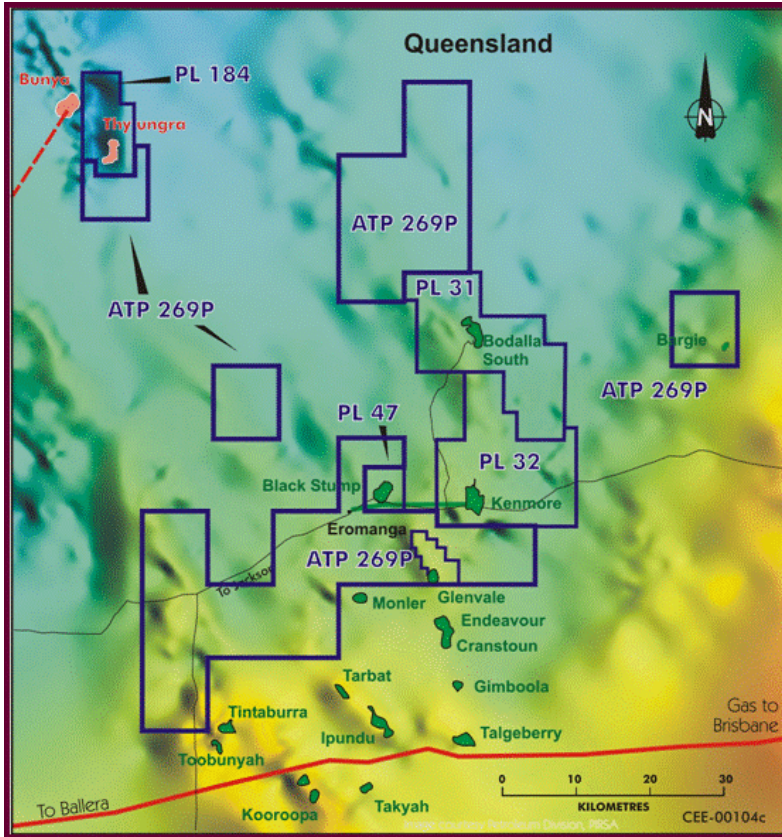
### **Cooper Eromanga Interests – ATP-269P 28.15%**

The Byrock-2 oil discovery is expected to be brought into production by late May 2007, subject to the availability of completion rig equipment. This work will be followed by a 4 well exploration programme led by operator, Beach Petroleum Ltd on prospects identified by recent seismic data acquisition and detailed interpretation over the company's 28.15% held permit ATP-269P.

The operator has identified 17 prospects within ATP-269P with an estimated total, risked mean resource amounting to 3.2 mmBO to the joint venture participants.

One exploration well is planned for the Coolum Block and as many as three exploration wells are planned for ATP-269P.

ATP-269P Location Map



## Forward Exploration Programme

Well	Permit	Entek Interest %	Target	Timing *	Risk
<b>Peregrin Nth</b>	ATP-269P Coolum	28.15%	1 mmBO	Q3, 2007	Moderate
<b>3 wells</b>	ATP-269P	28.15%	0.2-1 mmBO	H2, 2007	Low-Mod
<b>A Well</b>	South Marsh 138	11.25%	2-3 Bcf 1.7-2.6 mmBO	Q1, 2008	Moderate
<b>A Well</b>	South Marsh 152	15.00%	4-6 Bcf 0.2-0.4 mmBO	H1, 2008	Low
<b>3D Seismic</b>	HI 24-L, N/2 & S/2	5%	Field appraisal	Done	

\* Subject to rig availability

Entek looks forward to a very active programme of field development and exploration, both in the GOM and at Byrock. Exploration drilling is planned on the 28.15% held, ATP-269P permits, starting in the June quarter, while further exploration wells are planned in the GOM permits over the coming 12 months.

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Partners at the High Island 24-L gas discovery have purchased 3D seismic data covering the prospect. Interpretation of this data, along with assimilation of electric log data and ultimately production information from the two discovery wells already in place, will enable the operator to assess likely recoverable reserves for this field. So far, the High Island 24-L discovery has far outperformed pre-drill expectations, with a much thicker and more extensive reservoir sequence than was indicated from 2D seismic data, along with excellent reservoir characteristics which have resulted in an ability to produce gas and condensate at highly commercial rates, rendering development of this field highly profitable to the partners involved.

## **Corporate**

During March 2007, the company negotiated a loan facility for up to \$1.25 million, to cover financial commitments to development work at its High Island gas discovery. Entek is examining its ongoing finance requirements and options to meet its commitments during the June and September quarters, prior to commencement of a strong cash flow from GOM gas production by Q4, 2007.

Jack Toby  
Company Secretary