

6 March, 2012

## **GULF OF MEXICO ASSET SALE & ONSHORE NIOBRARA ACREAGE ACQUISITION COMPLETED**

Entek provides an update on the company's activities covering both the onshore, Niobrara resource play and the offshore, Gulf of Mexico, conventional oil and gas assets.

### **Offshore – Gulf of Mexico, Conventional Oil and Gas**

In line with the Company's strategy, the Gulf of Mexico portfolio continues to be rationalized in order to maintain exposure to the offshore conventional resource potential whilst preserving the Company's capital base, allowing the required funds to be deployed in its onshore work program in the Niobrara oil resource play where the potential exists for significantly greater value creation.

Accordingly the Company is pleased to announce that it has completed the sale of its 50% working interest in the VR341/VR342 blocks in the Gulf of Mexico with the consideration being US\$7.5 million in cash as well as a significant retained overriding royalty interest.

The sale of Entek's working interest in VR341/342 was made following an extensive review of the risk/reward profile of this asset in the context of the Company's overall development and exploration portfolio and balance sheet limitations. Entek's ongoing participation with a working interest in the development of this asset would have required significant additional capital in the form of both debt and equity which could not be supported in view of current global capital market conditions.

This sale means that Entek receives an immediate cash injection and a future royalty stream from a successful development of the project, without further risk or capital exposure thereto.

The cash component of the consideration represents a 200% return on the capital Entek has expended on the project to date and the future cash generation from the royalty component has the potential to be significant.

The Company currently has working interests in eight blocks in the Gulf of Mexico in addition to the overriding royalty interest in blocks VR 341 and VR 342.

Two of these blocks (GA A133 and PN 975) are on production with recently audited net revenue of around US\$300,000 per month, while the oil prospective blocks, GA 212 and GA 213, have now been independently confirmed as having a resource potential of up to 8 million barrels of oil. The Company is currently embarking on a farmout process of these blocks, seeking to achieve a free carried interest during the exploration and development phase to first oil production.

#### **Australian Securities Exchange**

Code: ETE

#### **Ordinary shares**

510,657,387

#### **Board of Directors**

Graham Douglas Riley  
(Non-Executive Chairman)  
Trent Benjamin Spry  
(Executive Director)  
Alexander Forcke  
(Non-Executive Director)  
Andrew Padman  
(Non-Executive Director)

#### **Key Projects and Interests**

Green River Basin, USA (GRB)  
Gulf of Mexico, USA (GoM)

Entek is focused on a strategy of acquiring and exploring potentially high impact oil and gas opportunities in proven and producing areas. Entek has acquired a significant portfolio of acreage in the offshore shallow waters of the Outer Continental Shelf of the Gulf of Mexico. The Company has interest in 5 blocks in the Gulf of Mexico prospective for oil with a combined gross prospective resource of over 30 MMBOE some of which (VR342 and VK818) have been proven by recent and previous drilling. Onshore in the Green River Basin the Company's interest covers approximately 110,000 gross acres of highly prospective leasehold that includes existing producing coal bed methane wells, infrastructure and long life conventional and shale resource reserves. The primary focus of the Company onshore is the appraisal of its Niobrara Oil Resource Play.

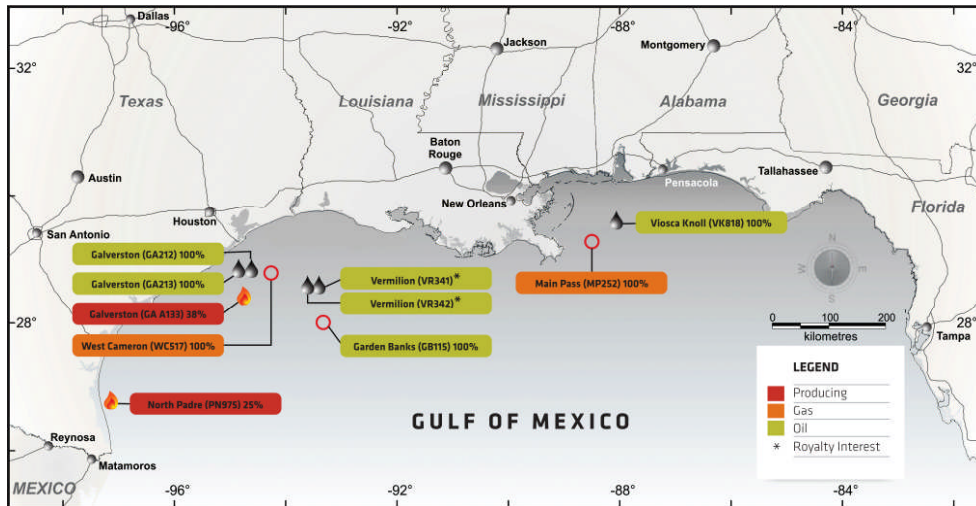
#### **Entek Contacts**

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The map below shows the Company's Gulf of Mexico portfolio.

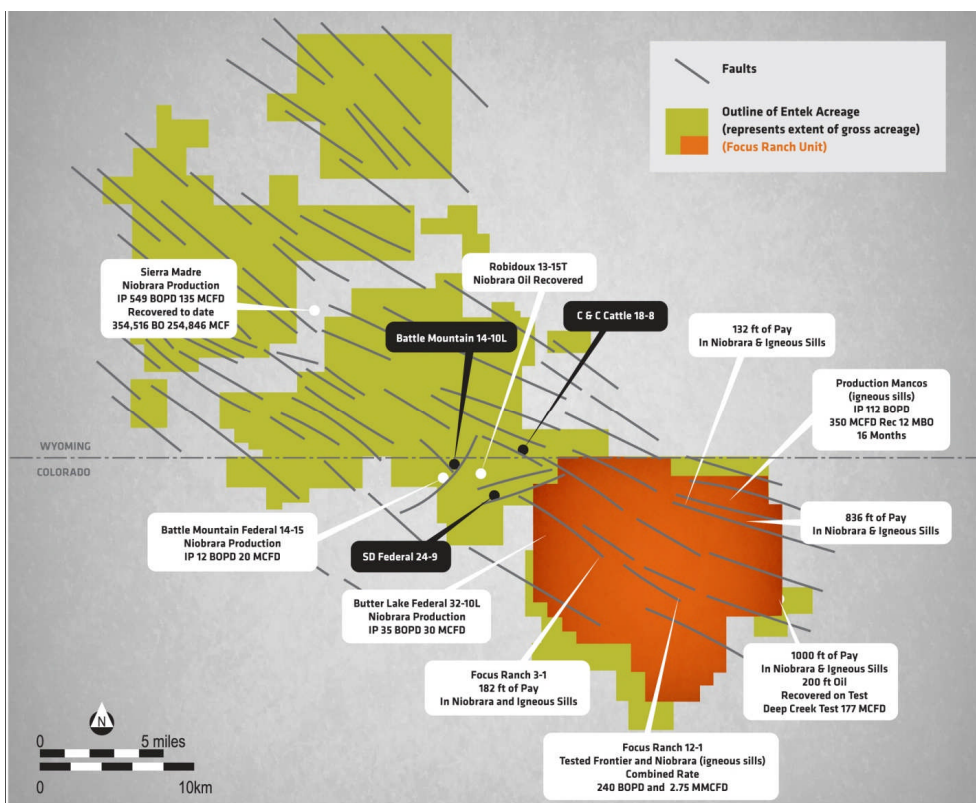


## Onshore - Niobrara Oil Resource Play

The Company has now completed the acquisition announced on 22 December 2011 and has acquired 27,555 gross acres (18,644 net acres) adjacent to its existing lease position covering the highly prospective Niobrara Oil Resource Play in the Green River Basin. The final consideration post due diligence was approximately US\$2.5 million.

Entek now operates and controls around 110,000 gross acres, approximately 91,000 net acres, covering the Niobrara play in Colorado and Wyoming, in which it holds a 55% working interest. Under the Area of Mutual Interest Agreement between Entek and Emerald Oil & Gas NL ("Emerald"), 45% of the new acreage has been offered to Emerald for proportionate consideration, which if accepted (as anticipated) will leave Entek with around 50,000 net acres.

The map below represents the geographic extent of the gross acreage position including the new leases.



The 2011 onshore work program resulted in three vertical appraisal wells being drilled and completed (but not stimulated) through the Niobrara section. All of these wells intersected multiple naturally fractured oil charged zones within the Niobrara shale (as well as within the lower Mancos and Frontier Formations), and all are currently on production.

These wells were drilled to identify the most productive zones within the Niobrara and to obtain technical information necessary to design and execute effective fracture stimulation treatments in 2012.

The 2012 work program will include the fracture stimulation of all these wells, with the option of undertaking horizontal completions in each case. In addition there is the further potential for testing and completing wells in the volcanic intrusive zones (which have proved highly productive in previous wells drilled in the Focus Ranch Unit).

Permitting is also in progress for drilling new vertical wells later this year with optional horizontal completions to the north west of the Focus Ranch and Slater Dome areas where appraisal operations have been concentrated in the past.

The Company's strong capital position, which has now been enhanced by the US\$7.5 million injection from the sale of VR341/342 leaves the company well capitalized to pursue its onshore strategy of proving the commercial viability of its Niobrara Oil Resource Play and continuing to take advantage of further value accretive exploration acreage opportunities.

Elsewhere within the Niobrara Oil Resource Play in the Green River Basin (approximately 25 miles south of Entek's acreage) Shell and Quicksilver have publically disclosed information from their respective 2011 drilling programs.

Shell is understood to have stimulated/recompleted two existing vertical Niobrara wells which are currently producing between 80 and 100 BOPD.

Quicksilver drilled and completed 5 vertical wells which are all producing oil. The last 2 vertical wells are steady producers with the best well averaging around 120 BOPD.

Given the geological similarities it is not unreasonable to anticipate that Entek's 2011 wells will perform similarly to those recently announced by both Quicksilver and Shell after fracture stimulation which is planned in 2012.

Further information on the Company is available at: [www.entekenergy.com.au](http://www.entekenergy.com.au)

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**Competent Persons Statements:** Information in this report that relates to Hydrocarbon Reserves / Resources is based on information compiled by Mr Trent Spry, Chief Executive Officer & Managing Director of Entek Energy Limited who has consented to the inclusion of that information in the form and context in which it appears. Mr Spry has over 20 years experience in the petroleum industry, both in Australia and internationally. His qualifications are: University of Adelaide, Bachelor of Science, Double Major Geology & Biochemistry, National Centre of Petroleum Geology & Geophysics (NCPGG), First Class Honours, 1993.