ASX Announcement

ENTEK ENERGY LIMITED

27 January 2012

2011 Niobrara Appraisal Program Update

Highlights

Entek provides the following update on its 2011 Niobrara Appraisal Program. This release also contains new information in relation to recent industry results in the Niobrara Play and the Company's future work program.

Three vertical appraisal wells were successfully drilled through the Niobrara section and completed on budget in 2011. All of these wells intersected multiple naturally fractured oil charged zones within the Niobrara shale.

The wells have not been fracture stimulated, and were drilled as appraisal wells 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.

All of these unfracced wells are producing 40° API, light high quality oil, with no associated water from the Niobrara, with initial production of about 10 BOPD and Gas Oil Ratio (GOR) of between 1000 and 2000 scf/bbl. Data collected from the wells during completion indicates that only limited connection has been made to natural fractures close to the well bore, as expected from the small scale oil break downs performed. Full fracture stimulation planned for 2012 will be designed to open more of the perforations and connect to a much more significant fracture network further away from the well bore, which should result in increased flow rates and ultimate oil recovery.

A vast amount of data was collected from the 2011 appraisal program, significantly advancing our understanding of the Niobrara Shale, including the oil breakdown pressure information considered critical to designing effective fracture stimulations. This data is now under evaluation to design the most effective completion and fracture stimulation configurations for each of the oil charged zones within the Niobrara. All the wells were completed to facilitate re-entry and fracture stimulation in 2012, or alternatively sidetracking into horizontal section for future completion.

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 a total of 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 86,000 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.

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GRB Drilling Activity

In the Green River Basin (GRB) to the south of Entek's acreage (approximately 25 miles), Gulfport, Shell and Quicksilver have recently publically disclosed information from their respective 2011 drilling programs.

Gulfport has drilled 3 vertical appraisal wells, has installed pumps and is currently commencing production operations. No information on oil production rates is available at this point.

Shell, using 2 rigs, embarked on a significant program including at least 2 horizontal wells, with initial production reports expected in early 2012. In addition to their new wells Shell is understood to have stimulated/recompleted two existing vertical Niobrara wells which are currently producing between 80 and 100 BOPD.

Quicksilver drilled 6 vertical wells and 1 horizontal well in 2011 and experimented with various fracture stimulation designs. To date they have publically discussed flow rates from a number of their vertical wells with around 100 BOPD from single fracture stimulated intervals in each well, a positive result given the multiple stacked productive zones that exist in the Niobrara in the GRB. Quicksilver have also published a type curve for vertical wells with initial production of 70 BOPD with an estimated ultimate recovery of 225,000 BO, which has a very respectable 30% IRR.

It is not unreasonable to anticipate that the Entek's unstimulated wells, once effectively fracture stimulated, will perform similarly to those recently announced by both Quicksilver and Shell.

Significantly, Quicksilver have also recently announced the flow rate results of their first horizontal well in the GRB. The well is producing at a rate of over 500 BOPD on restriction, maintaining good pressure after a month of production from effectively a 1,500 ft fracture stimulated lateral section. Based on experience and results from more mature shale plays Quicksilver expects future production wells in the GRB to have lateral sections of up to 6,000 ft which will be fully fracture stimulated, where significantly higher rates can be expected.

In summary, the drilling activity in the GRB Niobrara Shale Play is evidence that experienced US shale companies are committing substantial expenditure to accelerate proving the potential of the play around Entek's acreage, and that their efforts are being met with success. Quicksilver and Shell have successfully shown that the Niobrara Shale in the GRB can be effectively fracture stimulated resulting in substantial oil production potential. Based on industry activity and results, Entek believes acreage values should rise significantly within the next 12 months.

Forward Plan

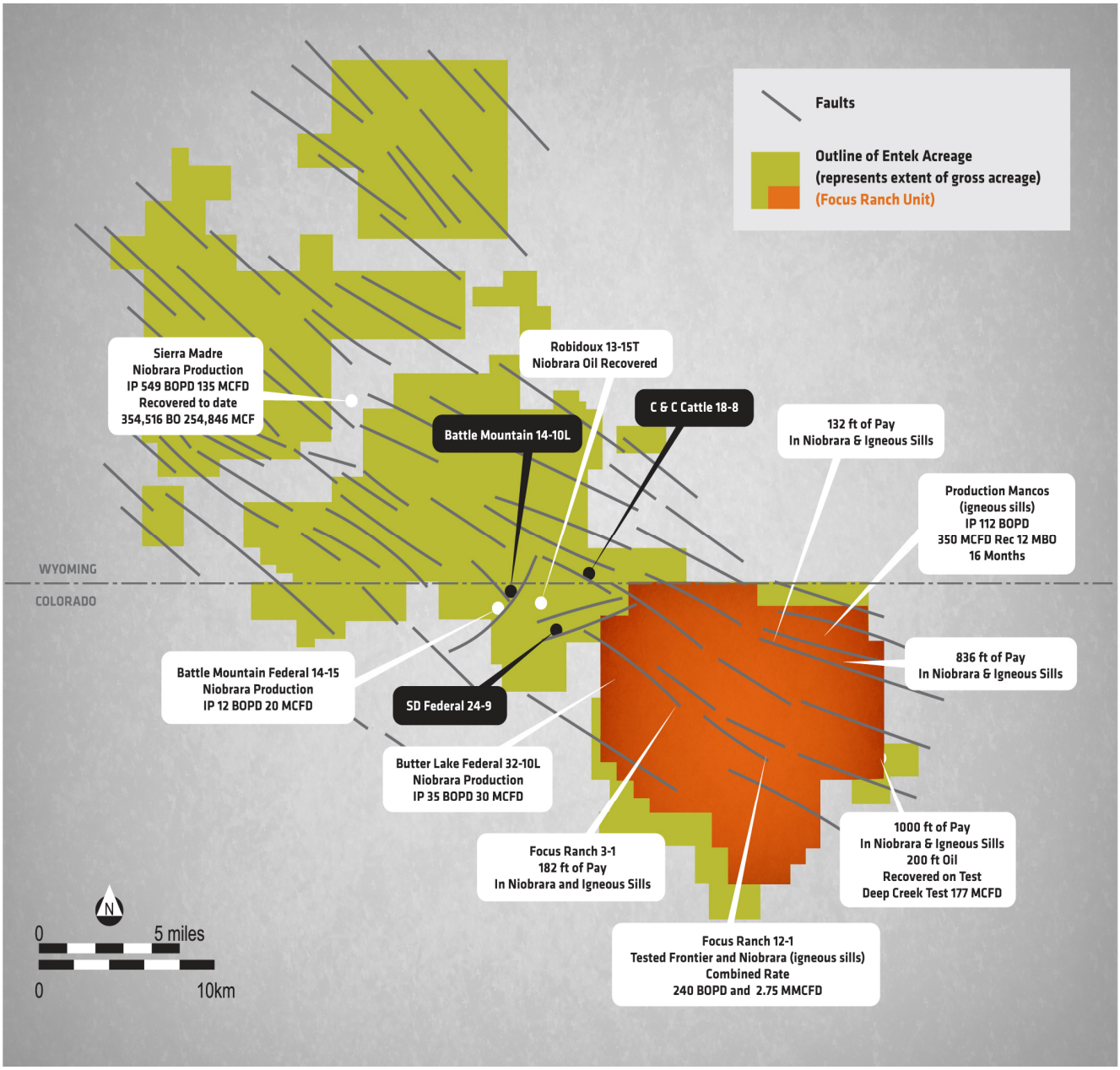
The Company is working the data from the 2011 appraisal program and planning the 2012 work program, with fracture stimulation of the existing wells, new vertical appraisal wells and horizontal wells being considered.

Access for operations other than production opens up again on the 1st of July for wells located on Federal lands. The Company is hopeful of gaining early access between March and July to perform fracture stimulation on the existing wells. New operations can take place on Fee and State leases all year round as these are not subject to the same seasonal restrictions as Federal lands.

The Company will operate and control over 110,000 gross acres, approximately 91,000 net acres, covering the Niobrara Play in Colorado and Wyoming following the closing of a recently announced acquisition (ASX Release dated 22 December 2011).

Entek holds a 55% working interest in the existing Niobrara project, with Emerald Oil & Gas NL (Emerald) holding the remaining 45%. Under the Area of Mutual Interest Agreement between Entek and Emerald, 45% of the new acreage acquisition will be offered to Emerald for proportionate consideration. If Emerald takes up its 45% interest, Entek will have over 50,000 net acres in the Niobrara shale play; should Emerald not participate, Entek will have closer to 60,000 net acres in the play.

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



Commenting on the recent Company and industry results, Entek's Executive Director, Trent Spry said:

"The flow rates of our three wells are in line with expectations for unstimulated wells. Once fracture stimulated we expect these wells to perform similarly to those recently announced by Shell and Quicksilver in the Green River Basin.

Entek's 2011 strategy has yielded vast amounts of data significantly advancing our understanding of the Niobrara Shale, while other companies in the play have undertaken early horizontal drilling and significant fracture stimulation programs, trialing alternative fluid types, breakdowns and stimulation methods including larger oil and gas fracture stimulations.

Industry results in 2011 have been very encouraging, effectively proving that the Niobrara in the Green River Basin is at least as productive as in the DJ Basin where the play is more mature.

Entek is now in a position to more effectively apply the technology being demonstrated by others to unlock the play and we will be working diligently with our consultants, contractors and working interest partner over the coming months to plan our 2012 program".

Further information on the Company is available at: www.entekenergy.com.au

All enquiries should be directed to:

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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.