ANTARES ENERGY

ANTARES ENERGY LIMITED

A.C.N. 009 230 835

Level 2, 18 Richardson Street
West Perth WA 6005

Telephone: +61 8 9324 2177
Facsimile: +61 8 9324 1224

PO Box 690
West Perth WA 6872

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21 December 2004

The Manager
Companies Announcements Office
Australian Stock Exchange Ltd
10th Floor, 20 Bond Street
SYDNEY NSW 2000

Dear Madam,

Open Briefing Release

Progressing Ellis Discoveries

Please find attached Open Briefing for release to the market.

Yours faithfully,
AMITY OIL LIMITED

DAVID RICH
Company Secretary

Attention ASX Company Announcements Platform
Lodgement of Open Briefing

Antares Energy Limited
2nd Floor
18 Richardson Street
WEST PERTH, WA, 6005.

corporatefile.com.au

Date of lodgement: 21-Dec-2004

Title: Open Briefing. Antares Energy. Progressing Ellis Discoveries

Record of interview:

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Antares Energy Limited recently announced that one of the secondary targets of the Ellis-2 well, the Morrow "C" sands, is commercial in its own right after flowing gas at estimated rates of between 3 and 4 million cubic feet of gas per day (MMcf/d). Can you summarise the results you've acquired from the Ellis-1 and Ellis-2 wells including relevant commercial information such as reservoir quality, potential flow rates and field size?

MD Howard McLaughlin
Both the Ellis wells have been commercial gas discoveries. Ellis-1 and Ellis-2 each have two productive gas zones in the Morrow (B & C zones) and additional gas sands at shallower depths.

The C sand in Ellis-2 was particularly successful as it flowed naturally at high pressure without the need for fracture stimulation. The zone initially flowed at between 3-4 MMcf/d on a ¼" choke immediately after perforation. We chose not to use a larger choke as a high flow rate can occasionally damage the reservoir.

Ellis-1 has also flowed gas from the Morrow C and is still cleaning up after the fracture stimulation. We have now begun discussions with pipeline companies to begin production from both wells. It's too early to determine the final production flow rates but we believe the reserve additions will be in the middle of the range initially estimated.

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What's the rough cost of drilling these types of wells and the development capital involved to bring them into production?

MD Howard McLaughlin
These wells are drilled to a depth of almost 4,000 metres (12,000 ft) but only cost about US$1.25 million to complete and bring into production. The surface equipment is relatively inexpensive and the pipeline connection in most cases is very short. If fracture stimulation is required it costs approximately US$175,000 per zone.

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What's the state of the local gas market, including current prices? How profitable might these types of developments be?

MD Howard McLaughlin
The USA gas market is undersupplied and therefore prices have been as high as US$9.00/Mcf over the past two months. We would expect to receive between US$5.00-US$7.50/Mcf on average over the year. This makes these wells very profitable. If one BCF is produced (approximately 2.5 MMcf/d if over a one year period) and the gas sells for US$6.00/mcf on average then the gross value of the BCF of produced gas is approximately US$6 million dollars. Antares Energy has a net revenue interest (after mineral rights holders royalties are subtracted) in each well of around 77% which means that of the US$6 million, Antares keeps US$4.62 million (A$6.2 million) before costs.

If the well costs US$1.25 million to drill and complete then it pays out very quickly. If the flow rate is 5 MMcf/d then on an annualized basis two BCF is produced for a gross value of approximately US$12 million.

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What zones are still to be tested at Ellis and when do you expect to do that?

MD Howard McLaughlin
Both Ellis wells are anticipated to be completed with both the B & C zone ultimately producing gas. In both wells there is an additional secondary target at shallower depths (Cleveland & Atoka) that exhibited strong gas shows and indicated gas pay from wireline logs. These zones will be targeted with separate wells during the first and second quarter 2005.

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How will you progress the discoveries from here?

MD Howard McLaughlin
Since the C zone clearly has commercial potential and the pipeline companies need a stabilised rate and gas composition to begin their work to tie the well into their network, we decided to flow the zone to prove its potential and tie the well into the pipeline network as quickly as possible. After the well is producing it is a simple job to temporarily isolate the C zone while we perforate and possibly frac the B zone. Once that is complete we will flow both zones together into the pipeline. We would rather be producing gas during the winter while prices are high than carry on with a testing programme at the present time.

The gas zones that are at a shallower depth will require an additional well to produce them as their reservoir pressures are less, due to the shallower depth. We plan to drill a well adjacent to Ellis-2 to the Cleveland Formation during the March/April 2005 time frame.

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When could you get Ellis into production? What overall flow rate is possible?

MD Howard McLaughlin
We are moving to get Ellis-1 & 2 into production as per our operation schedule, however over the Christmas period we could see a slight delay. The optimal flow rate will be confirmed by the testing results and a period of initial production. The flowing pressure is quite high and therefore the formation is capable of a relatively high flow rate. However we must be careful not to over produce and damage the formation or draw water into the gas zone.

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Ellis was targeting gas zones already recognised but not produced in adjacent wells and was therefore considered to have low geological risk. What are the implications of the results for future drilling success? How many similar targets are there in your portfolio?

MD Howard McLaughlin
The USA entry strategy was designed to be low risk to validate the programme and generate revenue to fund the future drilling. As we establish production we will look at introducing prospects with higher reserve and production rate impact. Such prospects will usually have a slightly greater risk attached.

Overall the drilling programme we are executing is low risk compared to most other areas in the world. We will generally be drilling prospects with greater than a 50% probability of success.

Ellis currently has another four prospects in adjoining acreage and we are looking at acquiring land further out, but within the same play. We are aiming to commence drilling these and a Cleveland well in the first half of 2005. The risk may increase slightly as we move away from Ellis-1 & 2.

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What are the risk profiles for other wells in Antares' forward drilling program?

MD Howard McLaughlin
In most cases we are attempting to drill relatively low risk wells with a probability of success greater than 50%. We estimate the upcoming four wells in Oklahoma and Texas (Wilbeck, Porters Creek and Yukon (2)) to be in that range.

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Can you explain the advantages of Antares using synthetic oil-based drilling mud compared with the old techniques?

MD Howard McLaughlin
We tried using oil-based mud to see if we could avoid the extra costs of doing fracture stimulations. In the case of Ellis-2 we used conventional water based mud and got a good result. We will not be using oil-based mud anymore as there was no obvious improvement in flow rates.

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Can you outline the expertise and structure of your management team in the US? Longer term, what is Antares' US growth strategy?

MD Howard McLaughlin
We have been able to attract a very capable team of people in our Dallas Office through various contacts and previous working experiences. We currently have a very experienced General Manager, New Ventures Manager, Lawyer/Land Administrator, and operations geologist. I would see the office growing as we get more active and build our production and revenue. Most of our technical effort worldwide will be coordinated from our Dallas office.

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Antares' current market capitalisation is around $115 million at 70 cents per share. Your US assets are underpinned by cash flow generated from your interest in the Thrace JV (Antares 50%) in Turkey. How successful was the recent appraisal drilling at Adatepe? What are the next significant events planned in Thrace?

MD Howard McLaughlin
The two East-Adatepe wells are now producing and do indicate a new fault compartment in the field. We have a 100% success rate with our Adatepe appraisal programme and foresee another well to be drilled next year to maintain our production rate.

After we evaluate the 3D seismic recently acquired over the main producing permits we will decide our future drilling programme. We will conduct development drilling as needed to keep our production at current rates and extend field life.

Decisions on exploration wells will be made once interpretation of the seismic is completed. Essentially our current view is that with the prospects in hand at present, our exploration dollars are better spent in the US than Turkey.

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What is your current cash balance and what near term operating cash flow do you expect to generate from your share in Thrace?

MD Howard McLaughlin
Currently we have about A$15 million in cash reserves. We are spending significantly on our US exploration while continuing to generate positive cashflow in Turkey. We also hope to generate cash flow in the USA from the two Ellis wells in the near future. We are managing to fund our exploration and development programme with existing cash assets and future cashflow. We expect our operating profit from Turkey will be broadly similar to last year.

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Antares has just announced the write-down of the Whicher Range Gas Field (Antares 48%) after its fracture stimulation program. You've written down the asset by $8.8 million and it's now carried on your books at zero. Can you put that write-down in the context of your overall balance sheet?

MD Howard McLaughlin
The write down included cost from as far back as 1997. We still have a write off to take in the current year for the fracture stimulation programme. This was obviously disappointing but has had a minimal impact on our forward programme.

The gas assets on our balance sheet now are all commercially producing assets with their carrying values underpinned by future cashflows.

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Why was the program unsuccessful? Will you do any further work at Whicher?

MD Howard McLaughlin
Whicher Range is a very tight gas field with only minor internal faulting and fracturing. The fracture treatment was unsuccessful due to a very high fracture gradient and lack of internal fractures to carry the gas to the well bore. The wells are expensive and gas prices are quite low in Western Australia. We are not planning any further work on the field.

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Will you hold onto the asset? Could it be successful in the future as technology improves?

MD Howard McLaughlin
There may be an opportunity to try different technology but we won't be doing it. We are looking to exit from our interests and will sell the asset if a buyer can be found and a reasonable price negotiated.

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Thank you Howard.

For further information on Antares Energy Limited visit www.antaresenergy.com or call Howard McLaughlin on (08) 9324 2177.

To read other Open Briefings, or to receive future Open Briefings by email, please visit www.corporatefile.com.au