ANTARES ENERGY

ANTARES ENERGY LIMITED

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ASX/NEWS RELEASE

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ELLIS-3 – Encounters Gas Pay

Highlights:

- Ellis-3 is the first follow-up well to the successful Ellis-1 and Ellis-2 wells;
- Antares Energy has approximately 92% working interest and is operator;
- The well reached a final total depth of 11,300 feet in 23 days
- Wireline logs indicate Morrow "C" and "B" sands are gas bearing.

Perth, 24 May 2005, Antares Energy Limited (ASX:AZZ), an international oil and gas exploration and production company which is already producing gas in Ellis County Oklahoma and Wharton County Texas, announced today that Ellis-3 reached a total depth of 11,300 feet on 21 May, 23 days after spudding. Wireline logging has been completed and casing operations are underway.

The wireline log indicated gas pay in the Morrow "B" and Morrow "C" units. Early indication is that there may be as much as 90 feet of total net gas pay. The well is now being cased and a testing programme prepared. The Morrow "C" will be tested first and depending on the flow rate, may be fractured.

Mr. Howard McLaughlin, Managing Director of Antares said: "*This is a very positive result verifying the accumulations found in the first two wells. Since we have already established commercial production from Ellis-1 and 2, this well can be quickly put into production.*"

Antares Energy has contracted a drilling rig to drill Ellis-3 and Ellis-4 back to back, with an option to drill two additional wells. The Ellis-4 location is already prepared and the rig will move there as soon as maintenance is completed following release from Ellis-3.

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Editors Notes:

Antares Energy (ASX: AZZ) was formerly known as Amity Oil. At its Annual General Meeting on 26 November 2004 the company changed its name in keeping with its new corporate structure and strategy.

Antares focuses on international hydrocarbon exploration and production.

Antares is now a very different company than it was 12 months ago. It has now embarked on a further drilling programme in the USA and Turkey and expects to capture new prospective areas on a continuous basis. These are very exciting gas plays that can be commercialised quickly with the high natural gas prices currently seen in the USA.

Antares for the Half Year to 31 December 2004 achieved record Gas Production resulting in Sales Revenue of $10.9 million (up 9%), Operating Profit of $8.2 million (up 15%) and EBITDAX of $6.2 million (up 5%). Comparisons are to the previous six month period.

Antares currently is focusing on onshore exploration in Texas and Oklahoma where it now has three producing wells. Since the Turkish fields began achieving consistent production it was decided that Antares would begin to search for new plays that could develop into new independent revenue generating areas. A number of criteria were considered important for success, including proximity to market, domestic gas prices, quick cycle time, availability of infrastructure and political and commercial risk.

The company has three producing gas fields in Turkey, approximately 100 kilometres West of Istanbul; Gocerler, Cayirdere and Adatepe. The future exploration strategy in Turkey is to focus on the Thrace Basin acreage and drill low risk exploration and development wells to build gas reserves and maintain current production levels. Antares has an attractive inventory of drillable prospects and leads and is in a position to test the very best opportunities. The company has relinquished all high-risk acreage, which had low commercial potential.

The corporate head office is based in Perth, Western Australia.