



ANTARES ENERGY LIMITED

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Our Ref: 2006-01-31 ADELPHI EXTRACT:AO126:DR

31 January 2006

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

Dear Madam,

New Taiton Project

Attached is an extract of an announcement from Adelphi Energy Limited regarding their farmin to the New Taiton Project in which Antares has a 25% working interest.

Yours faithfully,
ANTARES ENERGY LIMITED

A handwritten signature in black ink, appearing to read "David Rich".

DAVID RICH
Company Secretary



ASX RELEASE

Release Date: 31 January 2006
To: Australian Stock Exchange Ltd
From: Alex Forcke No of Pages: 7

ADELPHI ACQUIRES SECOND ONSHORE TEXAS PROSPECT

Adelphi Energy Limited (Adelphi) is pleased to announce that it has entered into a letter of intent to acquire a 25% working interest in the **New Taiton Prospect** in the onshore Gulf Coast basin of southern Texas, USA.

The New Taiton Prospect is located in Wharton County Texas, approximately 100km southwest of Houston, and is a well-defined structural play targeting Wilcox Meek, B & C sands at a depth of 14,000 to 17,000 feet. It is situated some 10km from, and on trend with, other existing fields which typically produce 5-7 BCF of gas per well from the same reservoirs being targeted at New Taiton.

The New Taiton Prospect has mean potential reserves of 40 BCF of gas and upside potential of some 85 BCF if gas is present in the three stacked intervals combined. The prospect is a robust structural trap clearly defined by 3D seismic and exhibits strong seismic attributes that correspond with the mapped structure.

The owner of the prospect leases is Mueller Exploration, Inc. (Mueller), a privately owned independent US oil and gas company. Adelphi and fellow ASX listed Antares Energy Limited (Antares) have agreed to each acquire a 25% interest in the prospect from Mueller, and Mueller expects to finalise discussions with a third party for the remaining available project equity very shortly.

Subject to finalising remaining farm-in partners and rig availability, the New Taiton Prospect is expected to be drilled during the first half of 2006.

The USA continues to be an important area for Adelphi because the liquidity and depth in the US oil and gas asset market allows us to cherry pick oil and gas opportunities which have the right combination of cost, size and risk as well as the timing of drilling. This approach enables us to participate in near-term drilling opportunities. The US oil and gas market's generally modest farm-in terms, its existing infrastructure, and high gas prices are additional strong drivers for our increasing exploration and investment focus there.

We are also very pleased to have established another arm to our USA business with the associations with Mueller and Antares - both of whom have a similar exploration and development philosophy to Adelphi."

Adelphi Energy Limited

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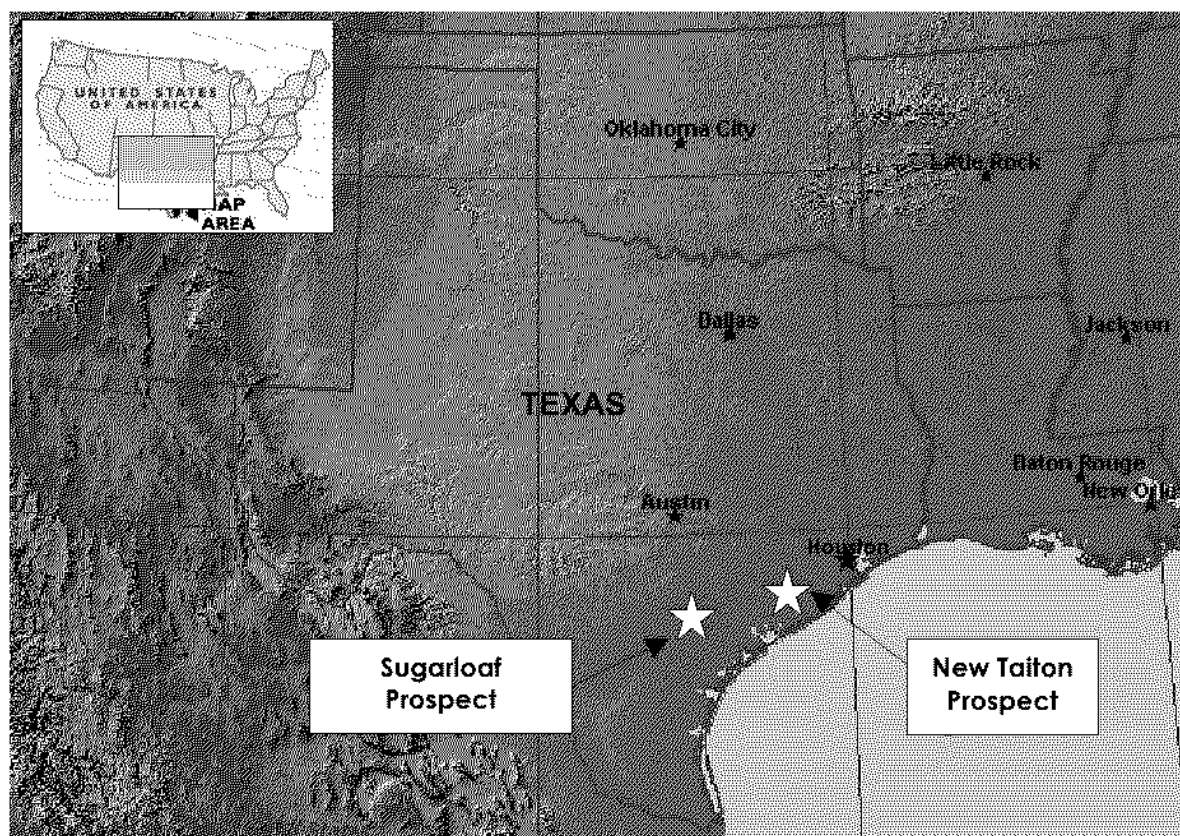
Farmin Terms

The farmin terms are that Adelphi will contribute 25% of the geological, geophysical, and land expenses as well as 25% of the drilling and well completion costs (if the well is successful), to earn a 25% working interest. Based on current trouble free well cost estimates, Adelphi's dry-hole cost exposure is expected to be some US\$1.2 million, increasing to US\$1.6 million if the well is completed for production.

If the New Taiton well is a discovery, Mueller will receive a 2% Overriding Royalty Interest from the project until all project costs incurred by the farminees have been fully recovered (Project Payout). Thereafter, Mueller may convert the royalty to a 20% working interest in the project. All farminees will bear the burden of this conversion such that each farminee's interest will be proportionately reduced. In this case, Adelphi's working interest would reduce to 20% if Mueller converted after Project Payout.

Adelphi's acquisition of the New Taiton Prospect is subject to satisfactory completion of relevant farm-in and joint venture documentation in conjunction with other farminees.

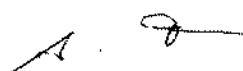
Project Location



A detailed summary of the prospect follows:

	New Tailon
Texas Location (County)	Wharton
Adelphi Equity	25% (20% if farmor's back-in right is exercised)
Play Type	Palaeocene aged Wilcox sandstones in a producing trend. Three stacked intervals.
Depth of Reservoir	4,300 – 5,200 metres
Gross Mean Potential Gas Reserve (Upside)	40 BCF (85 BCF)
Risk	Low (on trend from similar producing fields)
Net Revenue Interest	73% – 75%
Dry Hole Cost (US\$ millions) - (including cost of Leases etc) – (net to ADI)	4.6 (1.2)
Completed Cost (US\$ millions) – (net to ADI)	6.5 (1.6)
Estimated Spud Date	1 st half of 2006
Expected Drill Time to Total Depth	70 days

Yours faithfully



ALEX FORCKE
Executive Chairman
Adelphi Energy Limited

For further information please contact Alex Forcke (Executive Chairman) or Chris Hodge (Exploration Director) on Tel: 61-8-9263 4600 or Email: info@adelphienergy.com.au

New Taiton Prospect Summary

1. Introduction

The New Taiton Prospect was identified by the local Houston-based partnership of Mueller Energy Inc. and Viking International Petroleum. These companies systematically purchase and reprocess 3D seismic data which is on trend with existing fields and apply special emphasis on enhancing seismic attributes which are strongly indicative of gas in the reservoir.

The New Taiton Prospect is on trend from fields which produce from similar horizons some 10km away. In addition, there is production from shallower reservoirs within 1km. As such, there is abundant infrastructure in the close vicinity. A typical field size in the area is 10 – 30 BCF with production rates per well of 5 – 7 million cubic feet of gas per day (mmcfcpd).

2. Regional Setting

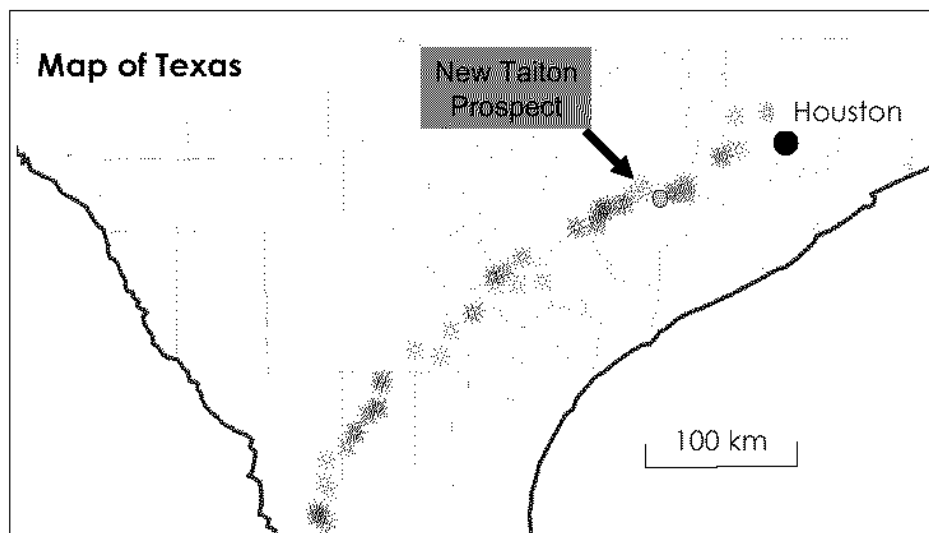


Figure 1. Lower Wilcox production below 14,500' (4,400m). Note the strong regional trend of deep Wilcox gas production and the position of New Taiton to that trend.

3. The New Taiton Prospect

The New Taiton Prospect lies on the Wilcox Trend (Figure 1). The Wilcox is the name given to one of the major thick fluvio-deltaic reservoir sequences in the Tertiary Gulf Coast Basin. The productive trend lies along the Wilcox Fault Zone, a complex series of down to the coast growth faults located some 100km inland and parallel to the Gulf of Mexico coastline.

Play types within the producing trend are usually 4-way dip growth faults or 3-way dip fault bound structural closures. Reservoir presence and quality can be very variable due to the dominantly deltaic environment of deposition. However, as several discrete reservoir packages are likely to be encountered in any one well, the chance of intersecting at least one good quality reservoir is high.

The Wilcox trend is prolific, partly because of the high flow rates and productivity - a function of high pressure gas at 14,000 – 15,000 feet, and generally good reservoir quality.

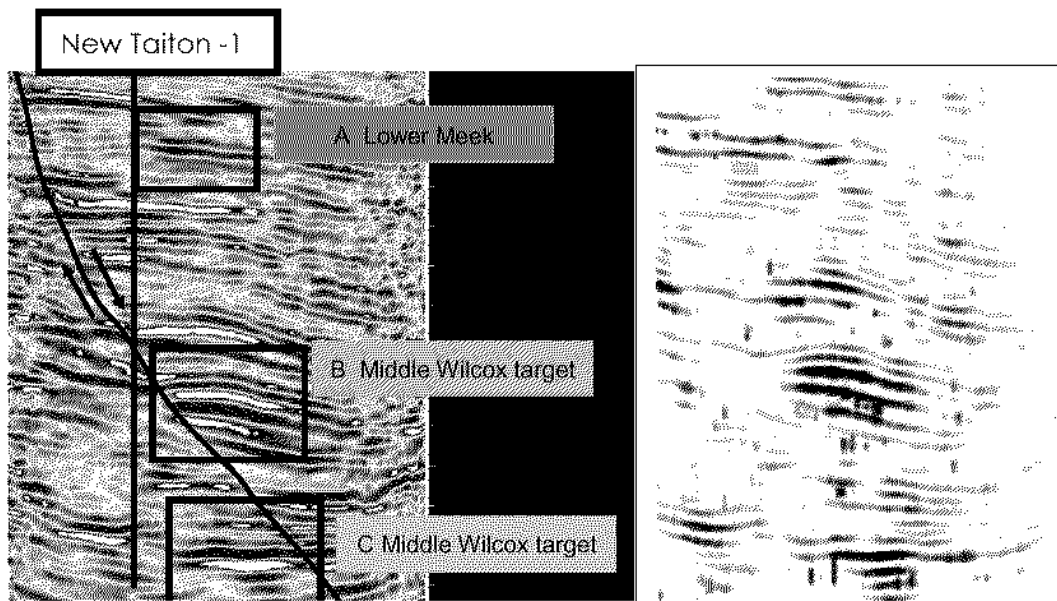


Figure 2. Seismic cross-section through the New Taiton Prospect showing amplitude anomalies associated with the three main Wilcox reservoir targets. The right hand section (uninterpreted) shows anomalies associated with low frequency attenuation which can be indicative of gas charge.

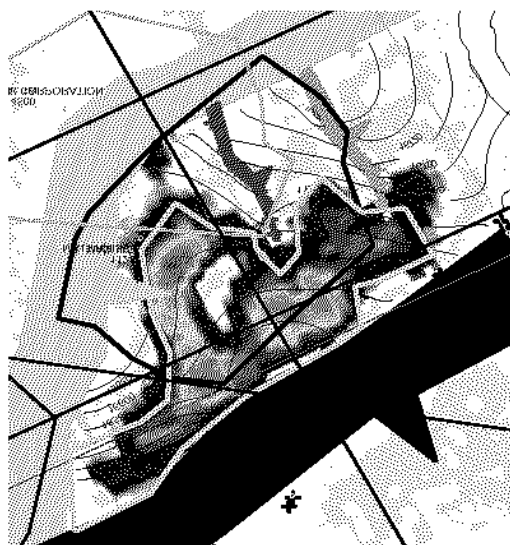


Figure 3 (left).

Depth contour map of one of the deep Wilcox levels with high frequency absorption colours overlaid. Excellent correspondence between the two can be a strong indicator that the reservoirs are gas charged. The green polygon marks the extent of the high frequency anomaly, and the red and light blue polygons represent the extent of similar anomalies in the shallow section.

The main technical risk to a successful New Taiton Prospect is the variable quality of the reservoir sandstones. Given that the environment of deposition of the Wilcox Formation is fluvio-deltaic, the reservoir sandstones come and go and are difficult to predict with certainty. However, high quality sandstone is ubiquitous in offset fields, and the strong seismic attributes which correspond to depth structure are positive signs (Figure 3).

4. Terms of Adelphi's Farm-in Deal

The farmin terms are considered attractive by international standards with an effective farm-in promote of 1.25 for 1 with the ability to recover any promoted project costs out of production in a success case scenario. Specifically, Adelphi will contribute 25% of the geological, geophysical, and land expenses as well as 25% of the drilling and well completion costs (if successful) to earn an initial 25% working interest in the project.

If the New Taiton well is a discovery, the farmor (Mueller) will receive a 2% Overriding Royalty Interest from the project until all project costs incurred by the farminees have been fully recovered (Project Payout). Thereafter, Mueller may convert the royalty to a 20% working interest in the project. All farminees will bear the burden of this conversion such that each farminee's interest will be proportionately reduced. In this case, Adelphi's working interest would reduce to 20% if Mueller converted its royalty interest after Project Payout.

Adelphi's acquisition of the New Taiton Prospect is subject to satisfactory completion of relevant farm-in and joint venture documentation in conjunction with other farminees.

5. USA - As a Place To Do Business

Natural Gas Supply and Demand

The USA is the world's largest energy producer, consumer and net importer. According to Energy Information Administration ("EIA") (www.eia.doe.gov), as of January 2004 the USA had estimated proven natural gas reserves of 187 TCF, or 3.1% of world reserves (6th in the world). Natural gas consumption for 2004 was approximately 22.0 TCF, with gross imports of 4.1 TCF. Overall, the USA depends on natural gas for about 24% of its total primary energy requirements. Oil accounts for around 40% and coal for 23%.

From 1990 through to 2003, natural gas consumption in the USA increased by about 15%, although consumption fell about 5% during 2003 in large part as a result of high gas prices. In response to continued economic growth, natural gas demand was projected to increase by 3.7% in 2005. Natural gas is consumed in the United States mainly in the industrial (37%), electric power (23%), residential (22%), and commercial (14%) sectors.

As of 2002, the top natural-gas-producing states (in descending order) included Texas, New Mexico, Oklahoma, Wyoming, Louisiana, Colorado, Alaska, Kansas, California, and Alabama.

Natural Gas Prices

Over the past few years, natural gas wellhead prices have steadily increased from a base of around US\$2.50 per thousand cubic feet ("MCF") in the mid to late 1990's to over US\$14/MCF (the present gas spot price is approximately US\$9/MCF). These USA gas prices compare very favourably with A\$2-3/ MCF (~US\$2/MCF) currently achievable in Australia.

The reason for the gradual increase in natural gas prices, and why there continues to be upward price pressure can be attributed to:

- Natural gas is no longer in surplus. Previously there was a bubble of oversupply which depressed prices for 10 years.
- Economic outlook is improving and this will increase energy consumption.
- Natural gas demand in North America is increasing at about 3 % per year whereas supply is increasing at only about 1%.
- Production from many older gas wells is declining quite rapidly.
- More natural gas is being used for electricity generation. Any new electricity capacity brought on line right now is generated by natural gas, rather than oil, coal, water or nuclear.
- As the price of crude oil increases, some industries switched to natural gas. Many developed this dual fuel capability when petroleum prices increased in 2001.

USA Fiscal Terms

In the USA, mineral rights (including oil and gas rights) for any onshore resources belong to the landowner (unless sold or assigned to a third party). Therefore the first step in the oil and gas exploration process involves the acquisition of leases from the holders of mineral rights cover the prospect. Once the leases are secured, exploration operations may commence. If a discovery is made, a negotiated royalty is payable to the mineral rights holder based on revenue earned from the lease. Additional overriding royalties to original leaseholders/farmors or other third parties are also very common as these leases change ownership over time.

Several State and local taxes are payable based on overall production volumes and net income in addition to a federal corporate tax which is levied at 35%.

In summary, the USA provides an attractive environment for international oil and gas explorers given its proven hydrocarbon potential, well established petroleum industry infrastructure, strong domestic gas market and an overall fiscal regime that compares favourably to most other oil and gas rich countries.

Information on the New Taiton Prospect contained in this report was compiled from information provided by Mueller Exploration, Inc. and Viking International Petroleum and reviewed by C. C. Hodge, M.Sc, who has had over 20 years experience in petroleum geology.