ANTARES ENERGY

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ASX/NEWS RELEASE

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SPUD OF GARCITAS RANCH C-1 WELL
LITTLE BEAR PROJECT

Key Point

Antares Energy is pleased to announce the spudding of the Garcitas Ranch C-1 well at 18:00 hours on 16 December 2006 (local time). The well is anticipated to take approximately 30-40 days to drill to the prognosed total depth of 13,000 feet. Antares has a 23.5% working interest.

Background

On 25 October 2006 Antares Energy announced the signing of a Participation Agreement and Joint Venture Operating Agreement with Hollimon Oil Corporation for participation in the Little Bear project and drilling of the initial well called Garcitas Ranch C-1. Hollimon Oil Corporation is the Operator and Antares is participating at a working interest level of 23.5% to test Middle and Upper Wilcox objectives in Victoria County, Texas. The agreement covers a 2,000 acre lease with 2 gas prospects defined by seismic amplitude anomalies on good quality re-processed 3D seismic.

The Garcitas Ranch C-1 well will test the crest of the seismically defined structure. The well is being drilled approximately 80 feet up-dip from a 1987 discovery well which flowed at a rate of 10 million cubic feet of gas per day (MMcf/d) and had in excess of 78 feet of net gas pay, within a 167 feet gross sand section.

After fracture stimulation the original well flowed 10 MMcf/d plus significant amounts of water. The water production steadily increased until the well was abandoned after only producing approximately 0.2 BCF. The gas water contact had not been recognised and was fracture stimulated allowing the water zone to be preferentially produced. The Garcitas Ranch C-1 well is located suitably up-dip (80 feet vertically) from the water contact and hence should not have the same problem. Project potential varies between 45-75 BCF (Billion cubic feet).

Hollimon Oil Corporation is privately held oil and gas Exploration Company based in San Antonio, Texas.

Antares minimum financial commitment is anticipated to be approximately USD 1.3 million dollars, which includes a proportional payment of back costs and the drilling of the first well.

Mr. H. McLaughlin, Managing Director of Antares said:

> "This is another exciting, high-impact prospect identified with 3D seismic. We consider this project relatively low risk as the early well has already demonstrated there is gas present in the structure. The well will be drilled at a fixed "turn key" cost with Orion Drilling Company, which will protect the joint venture from cost over runs due to drilling difficulties. We have used Orion in the past for the Porters Creek well which was drilled very efficiently."

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