



**EUREKA ENERGY LTD**

**(ASX: EKA, "Company" or "Eureka")**

**ASX RELEASE**

**2 JUNE 2011**

### **EUREKA APPOINTS MR PETER MILLS AS MANAGING DIRECTOR / CEO**

US-focused Oil & Gas exploration, development and production company Eureka Energy Limited (ASX: EKA) is pleased to announce the appointment of Mr Peter Mills as the Company's Managing Director and Chief Executive Officer with effect from 1 July 2011.

Peter is a qualified engineer with extensive oil & gas experience and was appointed as the Company's Technical Director (non-executive) in October 2010.

Commenting on the appointment, Eureka Chairman Ian McCubbing said:

*"We are fortunate to have been able to attract a Managing Director with Peter's technical capabilities and background with major companies such as BHP Petroleum and Hess. Peter's experience with US companies and assets, particularly in the areas of field development, production optimisation, and unconventional oil and gas, along with his expertise in joint venture relations will be of great assistance to Eureka."*

### **ABOUT PETER MILLS**

Peter joined Eureka as a non-executive Director in October 2010. He has extensive experience in the upstream Oil and Gas business in Technical and General Management roles working in Europe, Northern Africa, Asia and Australia.

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Over the past 29 years Peter has worked for Woodside, BHP Petroleum, Hess and Premier Oil in areas of field development, operations management, joint venture management and commercial negotiation.

He retains a strong technical involvement in oil and gas operations, particularly in field development, production optimisation and the application of technology to enhance production and value. His most recent work has focused on development of “unconventional” tight gas reservoirs.

Peter is currently a Director of Castle Energy Consultants, and his more recent roles have been President of Premier Oil Indonesia, President of Hess Indonesia and Technical Manager for Hess UK.

In accordance with ASX Listing Rule 3.1 and ASX Policy on Disclosure of CEO Remuneration, a summary of the key terms and conditions of the consultancy agreement governing Mr Mills’ appointment are set out in the Appendix which accompanies this release.

Yours sincerely



**EUREKA ENERGY LIMITED**

Alex Neuling

Company Secretary

## ABOUT EUREKA

Eureka is an Oil & Gas exploration, development and production company listed on the Australian Securities Exchange and focused on the development of its onshore Eagle Ford Shale interests in Southern Texas, USA. Eureka participates in the **Sugarloaf**, **Pan de Azucar** and **Brioche** projects.

The **Sugarloaf** AMI comprises approximately 24,150 gross acres (approximately 1,500 net acres) and Eureka holds a 6.25% working interest (subject to 25% lease royalties). The Sugarloaf project is located in the condensate-rich window of the Eagle Ford shale and production commenced in mid-2010. 13 wells are currently on production with 13 new wells expected to be drilled during 2011.



Eureka's interests in **Pan de Azucar** are structured as a 100% Working Interest in 675 gross acres and a 9.4% working interest in a further 916 gross acres (working interests are subject to an average of 27% lease royalties). The project is located in the Eagle Ford oil or condensate-rich fairway and the first well was spud in April 2011.

Eureka Energy also holds a 100% working interest (subject to an average of 25% lease royalties) in 3,975 acres in Burleson and Washington counties (**Brioche Project**). The acreage lies within the eastern liquids-rich fairway and potentially is within the gas-condensate window of the Eagle Ford shale. The Brioche Project area is located in the northeast part of the Eagle Ford trend some 70km Northeast of Pan de Azucar acreage and about 200km Northeast of Sugarloaf.

APPENDIX – TERMS OF CONTRACT FOR NEW CHIEF EXECUTIVE OFFICER

ITEM	DESCRIPTION
Term	Ongoing permanent consultancy agreement
Remuneration	<p><i>Fixed Remuneration</i>            Consultancy fees incorporate a minimum fixed element of \$335,000 per annum* (excluding GST).</p> <p><i>Short Term Incentive Payments</i>            A Short Term Incentive Plan has been agreed under which up to 28% of the annual Consultancy Fee can be earned based on performance targets to be agreed and reviewed annually.</p> <p><i>Long Term Incentive</i>            Subject to shareholder approval the Board has agreed to grant to Mr Mills &amp; / or his nominee(s)</p> <ul style="list-style-type: none"> <li>(a) 750,000,000 options exercisable at \$0.40 per share on or before 30 June 2014.</li> <li>(b) 750,000,000 options exercisable at \$0.50 per share on or before 31 December 2014.</li> <li>(c) 750,000,000 options exercisable at \$0.60 per share on or before 30 June 2015.</li> </ul> <p><i>*Additional fees may also be payable at normal market rates where special exertions beyond contractually anticipated time commitment are incurred.</i></p>
Termination	<p>The Board may terminate the consultancy agreement at any time by giving not less than three (3) months notice in writing; or Immediately in instances of misconduct.</p> <p>Mr Mills may terminate the agreement by giving not less than three (3) months notice in writing.</p>
Entitlements upon termination	<p>On termination of the agreement for any reason other than misconduct the Company will be required to pay:</p> <ul style="list-style-type: none"> <li>(a) Any pro-rata consultancy fees owing to the date of termination</li> <li>(b) An additional payment of one-twelfth of the annual consultancy fee for each year that the consultancy agreement has been in place.</li> </ul>