



ASX RELEASE

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The Company Announcements Office, ASX Limited

For immediate release to the market

Update: Non-binding merger proposal from Lonestar Resources, Inc

Eureka Energy Limited (ASX: EKA, "Eureka" or the "Company") advises shareholders that the Board has completed its review of the non-binding and incomplete merger proposal received from Lonestar Resources, Inc (**Lonestar**) (**Proposal**). As disclosed on Friday 8 June 2012, the Proposal envisaged the purchase of Lonestar by the Company, for scrip consideration.

The Board's initial view following receipt of the Proposal was that it was a transaction that it would be unlikely to recommend. This view was based on prior discussions between the Company and Lonestar, the terms of the Proposal, an assessment of the value of Lonestar's assets and constraints imposed by the on-market takeover offer by Aurora Oil & Gas Limited (ASX: AUT, "Aurora").

Nevertheless, over the weekend the Company pursued discussions with Lonestar with the objective of securing a proposal on more favourable terms. The parties were unable to agree terms and consequently Lonestar has withdrawn the Proposal.

The offer of \$0.45 per share from Aurora remains on foot and will close at 4:00pm (AEST) on 15 June 2012 (unless extended in accordance with the Corporations Act).

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