



ASX RELEASE

11 MAY 2012

MAIDEN CONTINGENT RESOURCE ESTIMATE FOR AUSTIN CHALK FORMATION, SUGARLOAF PROJECT

Maiden Contingent Resource estimate for Austin Chalk demonstrates further upside potential from Eureka's Texas acreage

Highlights

- **Maiden Net Contingent Resources of 2.1 MMboe (on 2C basis) and 4.3 MMboe (on 3C basis) estimated by independent consultants Netherland Sewell and Associates, Inc (NSAI) for the Austin Chalk within the Sugarloaf AMI, onshore Texas, USA (Eureka 6.25% working interest).**
- **The Contingent Resource estimates demonstrate the further upside potential of Eureka's net acreage within the Sugarloaf AMI.**
- **Eureka Board reiterates its recommendation that shareholders REJECT the \$0.45 per share cash takeover offer from Aurora Oil and Gas (ASX: AUT), which it believes materially undervalues the Company.**
- **Eureka's Target Statement is scheduled for release on Monday, 14 May.**

Eureka Energy Limited (ASX: EKA) is pleased to announce a maiden independent Contingent Resource estimate for the **Austin Chalk interval**, the formation which overlies the Eagle Ford Shale, in the producing Sugarloaf asset, onshore Texas, USA, in which the Company has a 6.25% working interest.

Independent consultants Netherland Sewell and Associates, Inc (NSAI) have assigned net 2C and 3C estimates for the Austin Chalk of **2.130 and 4.276 million barrels of oil equivalent (MMboe)** respectively.

The Eagle Ford Shale, from which most current production within the Sugarloaf AMI is sourced, underlies the Austin Chalk. Limited work has been carried out to date to evaluate the potential of the Austin Chalk within Sugarloaf, and the maiden Contingent Resource highlights the upside potential from this interval.

The maiden Gross and Net Contingent Resource estimate provided by NSAI is summarised below:

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Category	Gross Contingent Resources ¹		boe ²	Net Contingent Resources ^{1,3}		boe ²
	Oil (Mbbls)	Gas (MMscf)	(Mbbls)	Oil (Mbbls)	Gas (MMscf)	(Mbbls)
Low Estimate (1C)	9,651	37,189	15,849	452	1,743	743
Best Estimate (2C)	27,151	109,711	45,436	1,273	5,143	2,130
High Estimate (3C)	54,567	219,869	91,212	2,558	10,306	4,276

Notes:

1. Contingent Resources are the arithmetic sum of multiple probability distributions.
2. A barrel of oil equivalent (boe) is based on a conversion ratio of 6 Mcf per 1 barrel of crude oil
3. Net Contingent Resources are shown after royalties.

Table 1: Sugarloaf Contingent Resource Estimate for Austin Chalk

Notes on Assumptions and Methodologies

Evaluation of the Sugarloaf AMI has highlighted that the Austin Chalk to Eagle Ford shale boundary is a gradational boundary in this area. The gradational zone, referred to as the Transition Zone, has been mapped and evaluated separately from the Austin Chalk and included in the total Contingent Resource estimates reported.

Contingent Resources have been estimated for the oil, condensate and dry gas windows within both the Austin Chalk and the Transition Zone using a combination of deterministic and probabilistic methods.

Contingent Resources have been aggregated beyond the phase-window level by arithmetic summation; therefore these totals do not include the portfolio effect that might result from statistical aggregation.

Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies.

The Contingent Resources estimated in this report are contingent upon delineation of the productive Austin Chalk area by drilling and completing additional Austin Chalk wells in the Sugarloaf AMI; demonstration of successful simultaneous development of the Eagle Ford Shale and Austin Chalk with separate horizontal wells; demonstration of economic viability of project development; and development of the full Sugarloaf acreage to which the estimates pertain.

Once all contingencies have been successfully addressed, the approximate probability that the quantities of Contingent Resource actually recovered will equal or exceed the estimated amounts is generally inferred to be 90% for the Low estimate, 50% for the Best estimate, and 10% for the High estimate.

Summary & Update on Takeover Offer from Aurora

Eureka's acting Managing Director, Bill Bloking, said the maiden Contingent Resource for the Austin Chalk interval provided further evidence of the value potential within the Company's acreage.

"Whilst it will require more work, the Austin Chalk clearly offers the Company further potential upside beyond our Proved, Probable and Possible Net Reserves at Sugarloaf of 8.1 MMboe, our other US shale assets – Pan de Azucar / Black Jack Springs Unit and Brioché – and our cash resources," Mr Bloking said.



In relation to Aurora's takeover offer, the Board will continue to review the offer with its advisors, and further and more detailed advice will be provided to Eureka shareholders in its Target's Statement, which is due to be released to the market by 14 May 2012.

The Board continues to unanimously recommend that Eureka shareholders reject the Aurora offer.

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Abbreviations

bbl	Barrel of crude oil or natural gas liquids or condensate
scf	Standard cubic foot of natural gas
boe	Barrels of oil equivalent, determined using a ratio of 6 Mcf of natural gas to one barrel of crude oil or condensate, and a ratio of one barrel of NGL to one barrel of crude oil or condensate
M	Prefix indicates thousands
MM	Prefix indicates millions

Cautionary Statements

A barrel of oil equivalent (boe) conversion ratio of 6 Mcf per 1 barrel of crude oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. As such, boe may be misleading, particularly if used in isolation.

The evaluation of future net revenue in this release is after deduction of royalties, production taxes and ad valorem taxes, capital costs, abandonment costs, and operating expenses, but before consideration of income taxes and indirect costs such as administrative, overhead and other miscellaneous costs.

Forward-looking statements are made based on Eureka's beliefs, estimates and opinions on the date of this release, and the Company undertakes no obligation to update forward-looking statements and if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable law.

Technical Information contained in this announcement has been reviewed by Mr Richard Hayward MSc, an employee of Delta Energy Consultants Pty Ltd which provides technical consultancy services to Eureka. Mr Hayward has had 24 years experience in petroleum geology and has consented to the inclusion of the information in the form and context in which it appears.

ENDS

