



ASX RELEASE

11 March 2010

CAPITAL RAISING

ENTITLEMENTS OFFERING

Eureka Energy Limited (ASX:EKA) ("Company" or "Eureka") is pleased to announce a fully underwritten non-renounceable entitlements issue at \$0.10 per share on the basis of one (1) new share for every six (6) existing shares held to raise approximately A\$2.2 million before issue costs ("Entitlements Issue").

The proceeds of the capital raising will be used towards the Company's interest in the onshore Texas based, Sugarloaf oil and gas venture and for general working capital purposes.

The issue price of \$0.10 per share represents a discount of approximately 30% to the Volume Weighted Average Price ("VWAP") of Eureka's shares of \$0.138 over the 15 prior trading days on the ASX or approximately 21% discount to the VWAP of Eureka's shares of \$0.125 over the 30 prior trading days on the ASX.

Based on the current capital structure of the Company the maximum number of ordinary shares which may be issued under the Entitlements Issue is approximately 22.042 million to raise approximately \$2.2 million (before the costs of the issue).

The Entitlements Issue is being fully underwritten by Bell Potter Securities Limited.

The Record Date for entitlements under the Entitlements Issue is 19 March 2010 and the due date for receipt of applications for shares pursuant to the Entitlements Issue is 8 April 2010

The Entitlements Issue is non-renounceable and is available to all eligible Eureka shareholders registered on the Record Date as detailed in the timetable below ("Timetable") with a registered address in Australia and New Zealand. Please note that shareholders at the Record Date with a registered address outside of Australia and New Zealand will not be eligible to participate in the Entitlements Issue.

An offer document ("Offer Document") and entitlement form will be sent to eligible Eureka shareholders on the date referred to in the Timetable on Page 3 of this notice.

Where the determination of the entitlement of any eligible shareholder results in a fraction of a Entitlements Issue share, such fraction will be rounded up to the nearest whole share. Entitlements Issue shares, once issued, will rank equally with shares currently on issue. Shareholder approval is not required in relation to the Entitlements Issue. Trading in the Entitlements Issue shares will commence on the first business day following dispatch of holding statements.

Option holders are entitled to participate in the Entitlements Issue upon exercise of their options prior to the Record Date. A Notice to this effect was sent to option holders on 11 March 2010.

An offer document will be lodged with the ASX on or about 19 March 2010 in respect of the Entitlements Issue. The Offer Document will not constitute an offer in any place in which or to any person to whom it would be unlawful to make such an offer.

For personal use only



Details of the Underwriting Agreement

The Company has entered into an underwriting agreement with Bell Potter Securities Limited pursuant to which the Entitlements Issue has, subject to certain terms and conditions, been fully underwritten.

The Company will pay a fee to Bell Potter Securities Limited ("Underwriter") that is comprised of the following:

- Underwriting fee of 4% of the funds raised from the Entitlements Issue;
- Management fee of 1% (plus GST) of the funds raised from the Entitlements Issue

Any sub-underwriting fees will be paid out of this fee.

The Underwriter has the right to terminate the underwriting agreement on the occurrence of certain events ("Termination Events"). These Termination Events include the following specific events:

- **material change** - a change occurs after the date of the underwriting agreement affecting or relating to the:
 - Company or a subsidiary; or
 - the industry in which the Company or a subsidiary operates;which in the reasonable opinion of the Underwriter has or is likely to have a material adverse effect or materially change the operations of the Company.
- **market movement** – at any time after the date of the underwriting agreement the All Ordinaries Index is 10% or more below its level immediately preceding the date of the underwriting agreement.
- **Oil Price movement** – at any time after the date of this underwriting agreement the Oil Price is 20% or more below its level as at the date immediately preceding the date of the underwriting agreement.

Other Termination Events include contravention of applicable laws and regulations, insolvency, outbreak of war or hostilities in various locations, misleading statements in this Offer Document, criminal charges or convictions relating to any Director, suspension of quotation and new circumstances that in the reasonable opinion of the Underwriter has or is likely to have a material adverse effect.

Should the underwriting agreement be terminated, the Directors reserve the right to place any shortfall at their discretion.

Further details of the terms and conditions of the Entitlements Issue are set out in the attached ASX Appendix 3B in respect of the Entitlements Issue shares.

NOTICE UNDER s.708AA OF THE ACT

The Company hereby notifies ASX under paragraph 708AA 2(f) of the Act that:

1. the Company will offer the Shares for issue under the Entitlements Issue without disclosure to investors under Part 6D.2 of the Act;
2. the Company is providing this notice under paragraph 2(f) of section 708AA of the Act;
3. as at 11 March 2010, the Company has complied with the provisions of Chapter 2M of the Act as they apply to the Company;
4. as at 11 March 2010, the Company has complied with section 674 of the Act;
5. as at 11 March 2010, there is no information:

For personal use only



- a. that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
 - b. that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - i. the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - ii. the rights and liabilities attaching to the Shares; and
6. the issue of Shares under the Entitlements Issue is not expected to have any effect on the control of Eureka.

Timetable for the Entitlements Issue

Announcement of Entitlements Issue, Appendix 3B and first Cleansing Notice	11 March 2010
Notice sent to security holders	12 March 2010
Ex Date (date from which securities commence trading without the entitlement to participate in the Entitlements Issue)	15 March 2010
Record Date (date for determining entitlements of Eligible Shareholders to participate in the Rights Issue)	19 March 2010
Offer Document lodged with ASX	19 March 2010
Offer Document Despatched to Eligible Shareholders (expected date of despatch of Offer Document and Entitlement and Acceptance Forms)	23 March 2010
Opening Date	23 March 2010
Closing Date (5pm WST) *	8 April 2010
Securities quoted on a deferred settlement basis	9 April 2010
Company to notify ASX of undersubscriptions (if any) **	13 April 2010
Allotment Date **	16 April 2010
Cleansing statement lodged with ASX	16 April 2010
Despatch holding statements **	16 April 2010

* Subject to the Listing Rules, the Directors reserve the right to extend the Closing Date for the Entitlements Issue at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the New Shares.

** These dates are indicative only.

Yours sincerely
EUREKA ENERGY LIMITED



Graham Dowland
 Chairman

For personal use only

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

EUREKA ENERGY LIMITED

ABN

46 116 829 139

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|----------------------------|
| 1 | +Class of +securities issued or to be issued | Shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 22,042,312 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully Paid Ordinary Shares |

+ See chapter 19 for defined terms.

For personal use only

Appendix 3B
New issue announcement

For personal use only

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Yes</p>				
<p>5 Issue price or consideration</p>	<p>10 cents per share</p>				
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The proceeds of the capital raising will be used towards the Company's interest in the onshore Texas based, Sugarloaf oil and gas venture and for general working capital purposes.</p>				
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>On or around 16 April 2010</p>				
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="686 1422 989 1467">Number</th> <th data-bbox="989 1422 1283 1467">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="686 1467 989 1675">154,296,187</td> <td data-bbox="989 1467 1283 1675">Fully Paid Ordinary Shares</td> </tr> </tbody> </table>	Number	+Class	154,296,187	Fully Paid Ordinary Shares
Number	+Class				
154,296,187	Fully Paid Ordinary Shares				

+ See chapter 19 for defined terms.

	Number	+Class	
9	Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	1,000,000	35 cent Options expiring 30 June 2010
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	As with existing shares	

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	No
12	Is the issue renounceable or non-renounceable?	Non-renounceable
13	Ratio in which the +securities will be offered	1 for 6
14	+Class of +securities to which the offer relates	Fully paid ordinary shares
15	+Record date to determine entitlements	19 March 2010
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	No
17	Policy for deciding entitlements in relation to fractions	Round up
18	Names of countries in which the entity has +security holders who will not be sent new issue documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	The offer will not be made to security holders with a registered address outside of Australia or New Zealand
19	Closing date for receipt of acceptances or renunciations	8 April 2010 (5pm WST)
20	Names of any underwriters	Bell Potter Securities Limited

+ See chapter 19 for defined terms.

For personal use only

Appendix 3B
New issue announcement

21	Amount of any underwriting fee or commission	4% underwriting fee 1% (plus GST) management fee
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders	N/A
25	If the issue is contingent on ⁺ security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	No prospectus will be issued. Entitlement forms are expected to be despatched on or around 23 March 2010
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	11 March 2010
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do ⁺ security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do ⁺ security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do ⁺ security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	⁺ Despatch date	On or around 16 April 2010

+ See chapter 19 for defined terms.

For personal use only

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents N/A

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional +securities

+ See chapter 19 for defined terms.

For personal use only

Appendix 3B
New issue announcement

Entities that have ticked box 34(b)

38	Number of securities for which +quotation is sought	N/A	
39	Class of +securities for which quotation is sought	N/A	
40	<p>Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	N/A	
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another security, clearly identify that other security)</p>	N/A	
42	Number and +class of all +securities quoted on ASX (including the securities in clause 38)	Number	+Class
		N/A	

+ See chapter 19 for defined terms.

For personal use only

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

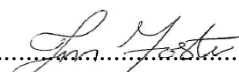
- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:  Date: 11 March 2010
(Director/Company secretary)

Print name: JULIE FOSTER

+ See chapter 19 for defined terms.

For personal use only