ANTARES ENERGY

ANTARES ENERGY LIMITED

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19 March 2007

Manager
Companies Announcements Office
Australian Stock Exchange Ltd
10th Floor, 20 Bond Street
SYDNEY NSW 2000

Dear Madam,

NEW ISSUE OF CONVERTIBLE NOTES

The Board of Antares Energy Limited is pleased to announce the raising of $5 million through the issue of a further 2,500,000 convertible notes at $2.00 each. These new notes are issued on the same terms and conditions as the existing convertible notes which are quoted on ASX as AZZG, however please note the following:

1. The current interest period for the existing AZZG convertible notes is the three months from 1 February 2007 to 30 April 2007. As these new notes are being issued in the middle of an interest period, the interest entitlement for each new note will be different to the entitlement of the existing AZZG notes until the next interest payment is made at which time all notes will have the same interest entitlement.

2. In order to allow for the different interest entitlement, the new notes will be quoted on ASX as AZZGA until 17 April 2007, being the ex-date for the next interest payment. On 17 April 2007 the notes quoted as AZZGA will automatically be transferred to the AZZG code by ASX.

3. The interest entitlement at 30 April 2007 for the new notes to be quoted as AZZGA will be $0.0236 per note. The entitlement for the existing AZZG notes will be $0.0488 per note.

4. The next interest payment date for AZZG and AZZGA convertible notes is 30 April 2007, the record date is 23 April 2007 and the ex-date is 17 April 2007.

Yours faithfully,
ANTARES ENERGY LIMITED

David Rich
Company Secretary

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

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, 24/10/2005.

Name of entity

ANTARES ENERGY LIMITED

ABN

75 009 230 835

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	Convertible Notes
2	Number of +securities issued or to be issued (if known) or maximum number which may be issued	2,500,000
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)	1. Interest Rate: 10% per annum (payable quarterly in arrears) 2. Conversion Rate: 1:1 (each note is convertible into one fully paid ordinary share) 3. Next reset date: 31 October 2009 4. Maturity date: 31 October 2013. 5. Convertible at any time prior to maturity. 6. Redeemable on a reset date.

+ See chapter 19 for defined terms.

4	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state: • 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	Initially no, the new notes will have a different interest entitlement and will be quoted as AZZGA. However from 17 April 2007 the new convertible notes will rank equally with existing notes quoted under AZZG. ASX will automatically transfer the notes from AZZGA to AZZG. The ordinary shares to be issued upon conversion of the Convertible Notes will rank equally with existing ordinary shares.
5	Issue price or consideration	$2.00 per note.
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Fund the appraisal and development of discoveries through to production and future exploration.
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	19 March 2007.

8 Number and +class of all +securities quoted on ASX (*including* the securities in clause 2 if applicable)

Number	+Class
158,500,000	Fully paid ordinary shares
8,061,235	10% unsecured redeemable convertible notes maturing 30 October 2013 (AZZG)
2,500,000	10% unsecured redeemable convertible notes maturing 30 October 2013 (AZZGA) (See point 4 above)

+ See chapter 19 for defined terms.

9 Number and +class of all +securities not quoted on ASX (*including* the securities in clause 2 if applicable)

Number	+Class
170,000	Options exercisable at $1.22 on or before 23 April 2007
1,500,000	Options exercisable at $1.35 on or before 1 July 2007
25,000	Options exercisable at $1.22 on or before 30 July 2007.
205,000	Options exercisable at $1.22 on or before 12 December 2007. *
275,000	Options exercisable at $1.22 on or before 13 July 2008. *
1,625,125	Performance Rights expiring on 12 January 2010.**
351,875	Performance Rights expiring on 6 October 2010.**
66,667	Performance Rights expiring on 9 January 2011.**
125,000	Performance Rights expiring on 4 May 2011. **
100,000	Performance Rights expiring on 15 February 2012.**
	* Issued under the Employee Option Plan. **Issued under the Performance Rights Plan.

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

Not applicable.

Part 2 - Bonus issue or pro rata issue

11 Is security holder approval required?

12 Is the issue renounceable or non-renounceable?

13 Ratio in which the +securities will be offered

14 +Class of +securities to which the offer relates

15 +Record date to determine entitlements

16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	
17	Policy for deciding entitlements in relation to fractions	
18	Names of countries in which the entity has +security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	
19	Closing date for receipt of acceptances or renunciations	
20	Names of any underwriters	
21	Amount of any underwriting fee or commission	
22	Names of any brokers to the issue	
23	Fee or commission payable to the broker to the issue	
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	
25	If the issue is contingent on +security holders' approval, the date of the meeting	
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	
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	
28	Date rights trading will begin (if applicable)	

+ See chapter 19 for defined terms.

29	Date rights trading will end (if applicable)	
30	How do +security holders sell their entitlements *in full* through a broker?	
31	How do +security holders sell *part* of their entitlements through a broker and accept for the balance?	
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	
33	+Despatch date	

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

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.

Entities that have ticked box 34(b)

38	Number of securities for which +quotation is sought	
39	Class of +securities for which quotation is sought	
40	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state: • 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	
41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another security, clearly identify that other security)	

		Number	+Class
42	Number and +class of all +securities quoted on ASX (*including* the securities in clause 38)		

+ See chapter 19 for defined terms.

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.

- 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: 19 March 2007
(Director/~~Company secretary~~)

Print name: JAMES CRUICKSHANK

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