

**ASX RELEASE**

23 June 2008

**OPERATIONS UPDATE**

Eureka Energy Limited provides the following update on operations within the Sugarloaf Area of Mutual Interest ("AMI") at the Sugarkane Gas and Condensate Field.

**Kowalik #1H**

The Operator of the Sugarloaf AMI, Texas Crude Energy Inc ("TCEI"), advises that the next well, Kowalik #1H, will spud as soon as the contracted rig completes its current operations on another well and is mobilized to site, possibly by mid July. Kowalik #1H is engineered based on the knowledge gained from the work carried out to date within the field and an analogous offset field in the region. The well will target the upper pay interval that we understand has successfully produced gas and condensate in three wells in adjacent acreage. The well is planned to have a 6,000ft horizontal section. The Joint Venture is working towards this being the first in a continuous sequence of 4 wells and we anticipate making further announcements regarding this in the near future.

**Kennedy #1H**

TCEI has advised that preparations have begun to re-stimulate the deepest 600ft of the horizontal section of the Kennedy #1H well. The fracture operations, as previously reported, have been partially successful. Although stable production of minor gas volumes and 40 bbls per day condensate were achieved, it is believed that the well will benefit from a larger fracture stimulation with a modified design.

The Kennedy #1H is believed to be located in the middle interval of the reservoir, which has not previously been fully tested within the field. TCEI advise that the refrac will take place within the next 14 days subject to equipment availability. The demonstrable productivity is encouraging and Eureka is looks forward to the results of the second stimulation.

Further releases will be made as appropriate.

Eureka has a 12.5% working interest in the Sugarloaf Joint Venture. Other ASX listed participants in the Sugarloaf JV, and their respective working interests are as follows:

Aurora Oil & Gas Limited	20%
Adelphi Energy Limited	20%

Yours faithfully

**EUREKA ENERGY LIMITED**

Graham Dowland  
Chairman

*Information contained in this report with respect to the Sugarloaf Project and Sugarkane Field was compiled from material provided by Texas Crude Energy Inc and reviewed by P D Allchurch, BSc, FAIMM, MPESA, who has had more than 40 years experience in the practice of geology and more than 5 years experience in petroleum geology. Mr Allchurch has consented to the inclusion in this report of the matters based on this information in the form and context in which it appears.*