

ASX RELEASE

10 July 2008

UPDATE ON KENNEDY #1H OPERATIONS

Eureka Energy Limited (“Eureka”) is pleased to provide the market with an update on the re-fracture operations at the Kennedy #1H well, within the Sugarkane Gas and Condensate Field.

Eureka has been advised by Texas Crude (“TCEI”) that fracture stimulation operations took place on Thursday 3rd July. In preparation for the stimulation, an additional three sets of perforations, each 3 ft long, were placed in between those used for the first stimulation in the bottom 600 ft of the well.

The fracture operation successfully placed approximately 100,000 lbs of high strength proppant into the fractures before high pumping pressures prevented the full program being completed, this represents 90% of the planned fluids and 50% of the planned proppant.

Flow back has recovered about 1,200 barrels of the 6,540 barrels of fluids pumped during fracture operations. Trace amounts of gas and condensate were also recovered towards the end of this period.

Operations are now in progress to clean out any fracture proppant that was left in the well bore as a result of the early termination of fracture operations. After that, flow-back and testing operations will resume. Further announcements will be made as the results become available.

As previously reported, the Kennedy #1H is believed to be located in the middle interval of the chalk reservoir, which has not previously been fully tested. Eureka remains encouraged by the demonstrable productivity from the first stimulation and looks forward to the results of the current stimulation of the same section of the well.

Eureka has a 12.5% working interest in the Sugarloaf Joint Venture which has approximately 22,199 acres under lease.

Further information on Eureka and its projects are available on our website at www.eurekaenergy.com.au.

Yours faithfully
EUREKA ENERGY LIMITED

Graham Dowland
Chairman

Other ASX listed entities within the Sugarloaf Joint Venture are:

Eureka Energy Limited	12.5%
Aurora Oil & Gas Limited	20%
Adelphi Energy Limited	20%