

ASX RELEASE

13 August 2008

SUGARLOAF OPERATIONS UPDATE

Eureka Energy Limited ("Eureka") is pleased to provide the market with an update on operations within the Sugarloaf Area of Mutual Interest ("AMI").

Kowalik-1H

Eureka has been advised by the operator, Texas Crude Energy Inc ("TCEI"), that as at 06.00hrs 12 August 2008 (US CST) the Kowalik-1H well had reached its programmed pilot hole total depth of 11,970 feet and was running wire-line logs. Elevated gas readings increased from a background of 120 units to approximately 400 units when drilling through the Austin Chalk interval.

Once logged, the vertical pilot hole will be plugged back and directionally sidetracked to the top of the chalk before casing is run prior to drilling the horizontal section. The horizontal section is targeting the interval that has been reported as successfully producing gas and condensate in three wells in adjacent acreage.

The Joint Venture is working towards Kowalik-1H being the first in a continuous sequence of 4 wells.

Kennedy-1H Production Test

The well is currently shut-in while the Operator prepares to install a production facility and tie-in the well to a nearby gas transmission line.

At the time of shut-in the well was producing at approximately 180,000 cubic feet of gas per day, 33 barrels of condensate per day and minor amounts of water (frac fluid).

Additional work, including the possibility of perforating and fracture stimulating the first 3,000' of lateral Chalk section will take place following analysis of the performance of the well during production.

Eureka has a 12.5% working interest in the Sugarloaf Joint Venture which has approximately 23,161 acres under lease. Other ASX listed participants in the Sugarloaf JV, and their respective working interests are:

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

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

Yours faithfully
EUREKA ENERGY LIMITED

Graham Dowland
Chairman

Information contained in this report concerning the Sugarloaf project was compiled from information provided by Texas Crude Energy Inc. Information on the project was reviewed by P D Allchurch, BSc, FAIMM, MPESA, who has had 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. Mr Allchurch holds shares in Eureka Energy Limited.