

ASX RELEASE

27 August 2008

UPDATE ON OPERATIONS AT KOWALIK-1H

Eureka Energy Limited ("Eureka") is pleased to provide the market with an update on operations at the Kowalik-1H well within the Sugarloaf AML, which is part of the Sugarkane Gas and Condensate Field.

Kowalik-1H

Eureka has been advised by the operator, Texas Crude Energy Inc ("TCEI"), that as of 06:00hrs 26/08/08 (US CST) the Kowalik-1H well had been sidetracked and the inclination built from the vertical pilot hole. The sidetrack was drilled to a depth of 11,861ft measured depth and entered the target chalk. Preparations are presently underway to run production casing before completing the build and drilling the horizontal section. The horizontal section is targeting the upper pay interval that has been reported as successfully producing gas and condensate in three wells in the adjacent acreage.

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

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.