

**ASX RELEASE**

3 September 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 02/09/08 (US CST) the production casing has been run and cemented at a measured depth of 11,861 ft. The preparations and rig up on surface for the reservoir section has also been completed and the drilling assembly was being run in the hole to commence drilling the final build section into the target chalk. 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](http://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.*