

**ASX RELEASE**

10 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 AMI, 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 09/09/08 (US CST) the horizontal section of Kowalik-1H had been drilled, within the target Austin Chalk, to a measured depth of 13,364 feet. Approximately the first 1,500 feet of this hole section has now been drilled with total gas readings in the range of 300 to 700 units – up from a background level of approximately 200 units. A small intermittent flare has been observed over the most recent 100 ft of drilling.

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 this being the first in a continuous sequence of 4 wells.

Eureka has a 12.5% working interest in the Sugarloaf AMI. 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.*