

ASX RELEASE

24 September 2008

UPDATE ON OPERATIONS AT KOWALIK-1H

Eureka Energy Limited ("Eureka") is pleased to provide 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 at 06:00hrs on the 23/09/08 (US CST) the well had reached a measured depth of 14,385 ft, which equates to approximately 2,500 ft of the planned 6,000 ft of horizontal section within the Austin Chalk.

The well has continued to produce gas whilst drilling, which has led to sustained flaring activity. In addition, when routine operations such as connections reduce the downhole pressure, larger flares have been observed on surface, indicating a response to drawdown. Elevated gas readings of approximately 1500 units have been consistently measured during the drilling of this portion of the horizontal section.

Whilst encouraging the commercial significance of these gas shows and flares will not be known until the well has been flow tested.

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 and preparations are presently underway for the next well location.

Eureka has a 12.5% working interest in the Sugarloaf AML. 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.