

ASX RELEASE

8 October 2008

UPDATE ON OPERATIONS AT SUGARLOAF JOINT VENTURE

Eureka Energy Limited ("Eureka") is pleased to provide the market with an update on operations 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 at 06:00hrs on the 08/10/08 (US CST) the well had reached a measured depth of 16,178 ft, which equates to approximately 4,350 ft of horizontal section within the Austin Chalk.

The well has continued to produce gas whilst drilling, with regular intervals producing strong flares with back pressure on the well. The rig has consistently measured gas readings in excess of 2,000 units.

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.

Kennedy-1H

TCEI have also reported that commercial production commenced at Kennedy-1H at initial rates of 0.2 million standard cubic feet per day and 60 barrels of condensate per day on the 02/10/08 (US CST). This initial Kennedy production comes from a fracture stimulated zone of approximately 600ft in the bottom of the 4,000 ft horizontal section of the well drilled through a lower stratigraphic level to that currently being drilled at Kowalik-1H. To our knowledge this represents the first production from this level within the Sugarkane Field.

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.

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.