

ASX RELEASE

15 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 14/10/08 (US CST) the well had reached a measured depth of 16,325 ft, which equates to approximately 4,500 ft of horizontal section within the Austin Chalk.

Slow progress over the week was primarily the result of the drill string parting and the subsequent successful fishing operation.

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

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 part of the Austin Chalk that has been reported as successfully producing gas and condensate in 3 wells in the adjacent acreage.

Kennedy – 1H

TCEI has also reported that production at Kennedy – 1H averaged 0.15 million standard cubic feet per day and 44 bbls of condensate per day.

Future production will reported in the event of a material change or on a quarterly basis.

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.