



ASX RELEASE

31 October 2008

QUARTERLY REPORT

Eureka Energy Limited (ASX:EKA, "Eureka" or "Company")

QUARTER ENDING

30 September 2008

EXPLORATION, APPRAISAL AND DEVELOPMENT ACTIVITIES

SUGARLOAF PROSPECT:

On-shore Texas Gulf Coast Basin, USA

Eureka ownership:

12.5% Working Interest

Overview

The appraisal drilling program at Sugarloaf commenced in earnest this quarter with the Kowalik - 1H well being spudded in July. By the end of the quarter the well had reached a depth of 15,329 ft which included 3,500 ft of horizontal section within the Austin Chalk. Subsequent to quarter end the well reached a Total Depth of 16,483 ft which included approximately 4,600 ft of horizontal section.

The well encountered encouraging indications of gas in natural fractures whilst drilling the horizontal section with multiple flares and high background gas readings. At the time of writing the well is being completed for test. The drilling rig is currently being transferred to the next location within the Sugarloaf AMI in order to commence drilling of the next well ("Weston 1H").

Appraisal and development drilling activity continued in the adjacent acreage within the Sugarkane gas field. Eureka does not have an interest in that acreage but based on the information disclosed by Emyrean Energy PLC ("EME") to the AIM market during the reporting period and publically available data lodged with the Texas Railroad Commission, a total of 5 wells have now been drilled in the acreage adjacent to Sugarloaf - three horizontal and two vertical wells. There is a further vertical well currently being drilled and another 4 horizontal and 1 vertical wells permitted at this time.

The only production data available to the public is from the discovery well, Kunde #1 which continues to produce to expectation.

Kowalik-1H Well

Kowalik - 1H is the first of a multi-well program and was spudded on the 18th July 2008. Initially a pilot hole was drilled vertically through the chalk reservoir where a number of logs were taken that confirmed the presence of pay and provided a clear correlation to the reservoir seen in the Sugarloaf well, some 5 km to the South.

The well was then sidetracked into the upper chalk pay horizon and approximately 4,600 ft of horizontal section was drilled. The reservoir section was drilled slightly underbalanced and for over 2,500 ft the well encountered high background gas readings and at frequent intervals generated flares at surface. The well has exhibited encouraging signs - their significance will not be known until the well is flow tested, commencement of which is imminent.

Eureka accepted a slightly increased stake in this well and the surrounding 1,920 acres when a minor partner elected not to participate for financial reasons. This has increased Eureka's interest in the well to 14.33% and has added 35 acres to our net interest in the Sugarloaf AMI area.

Kennedy-1H Well

As reported to the market, Kennedy - 1H has been tied into production facilities and was last reported as flowing 0.15 million standard cubic feet per day ("mmscf/d") and 44 bbls of condensate per day ("bcpd"). The well is presently flowing directly to export and will shortly be tied to a compressor to allow the flowing pressure to be reduced which may increase productivity.

The Joint Venture recognizes the potential of the well and the production to date confirms that the deeper chalk section that this well is believed to have penetrated is a viable reservoir. There were two attempts to stimulate the bottom 600ft of the horizontal section but neither was fully effective. There remain over 3,000 ft of horizontal section to stimulate and further operations are likely in the future.

BISMIL PROSPECT: On-shore South Eastern Turkey
Eureka ownership: 10% interest with an option to acquire a further 10% interest.

Overview

Operations during the past quarter at the Bismil Prospect included the continued processing of an additional 56 kilometres of 2D seismic with the objective of investigating the possible structural trends east of the Koyunlu-2 well within the Garzan, Mardin and Bedinan Formations.

Seismic Processing

56 kilometres of additional 2D seismic has been acquired with the objective of investigating the possible structural trend east of the Koyunlu-2 well location within the Garzan, Mardin and Bedinan Formations. During the quarter, the processing and interpretation of the new 2D seismic continued to enable the structure to be defined in more detail and provide assistance in determining future activities with this prospect including the possible identification of a potential location for a follow up well to Koyunlu-2.

KIANA PROJECT: EL 23639 Northern Territory
Eureka ownership: 100% interest

Eureka, through a wholly owned subsidiary, continues to hold a licence area of some 264 km² located approximately 950 kilometres south-east of Darwin in the Northern Territory of Australia. Geologically the licence covers the southern section of the Batten Trough in the McArthur River Basin on the North Australian Craton. This region contains copper-lead-zinc-silver-barium occurrences and is close to the McArthur River lead-zinc-silver deposit and diamondiferous Merlin kimberlite cluster.

Previous exploration for base metals had outlined several copper and zinc soil geochemical anomalies associated with the Wollongorang and Settlement Creek Volcanics. Follow up sampling of the better copper and zinc soil geochemical anomalies in five target areas was not encouraging.

There was no activity during the quarter.

CORPORATE

As at 30 September 2008 Eureka had cash on hand of \$1.742M.

The Company's Appendix 5B for the 3 months to 30 September 2008 is attached to this update.

END

Information contained in this report with respect to the Sugarloaf Project and Sugarkane Field was compiled from information provided by the project operator and other publicly available sources. Information contained in this report with respect to the Bismil Project was compiled from material provided by ARAR Petrol Gaz Aupas. This information was reviewed by P D Allchurch, BSc, FAIMM, MPESA, who has had 40 years experience in the practice of geology including more than 5 years experience in petroleum geology. Mr Allchurch consents to the inclusion in this report of the information in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

EUREKA ENERGY LIMITED

ABN

46 116 829 139

Quarter ended ("current quarter")

30 September 2008

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for		
(a) exploration and evaluation	(1,276)	(1,276)
(b) development	-	-
(c) production	-	-
(d) administration	(207)	(207)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	39	39
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(1,444)	(1,444)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(1,444)	(1,444)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,444)	(1,444)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other	-	-
	Issue Costs	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(1,444)	(1,444)
1.20	Cash at beginning of quarter/year to date	3,186	3,186
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,742	1,742

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	74
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Directors fees Rentals & Outgoings

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	945
4.2 Development	50
Total	995

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,742	3,186
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,742	3,186

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased	-	-	-

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter


Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities (<i>description</i>)	-	-	-	-
7.2 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 +Ordinary securities	82,410,000	82,410,000	Various	Fully Paid
7.4 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 +Convertible debt securities (<i>description</i>)	-	-	-	-
7.6 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through securities matured, converted	-	-	-	-
7.7 Options (i)			<i>Exercise price</i>	<i>Expiry date</i>
Listed Options				
Unlisted Options	1,000,000		\$0.35	30/06/2010
7.8 Issued during quarter				
Unlisted Options				
Incentive Options	-	-	-	-
Consultant Options	-	-	-	-
(i) Upon exercise each option entitles the holder to one ordinary share which will rank pari passu in all respects with the Company's then issued shares.				
7.9 Exercised during quarter				
Listed Options	-	-	-	-
7.10 Expired during quarter	-	-	-	-
7.11 Debentures (<i>totals only</i>)	-	-	-	-
7.12 Unsecured notes (<i>totals only</i>)	-	-	-	-

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act [or other standards acceptable to ASX \(see note 4\)](#).
- 2 This statement does ~~/does not*~~ *(delete one)* give a true and fair view of the matters disclosed.

Sign here:  Date: 31 October 2008
(~~Director~~/Company secretary)

Print name: JULIE FOSTER

+ See chapter 19 for defined terms.