

ASX RELEASE

5 November 2008

UPDATE ON OPERATIONS AT SUGARLOAF

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 03/10/08 (US CST) the Kowalik - 1H well was flowing at an un-stimulated rate to sales. During the 24 hour period prior to this time the well produced 937,000 cubic feet of gas, 321 barrels of oil and 14 barrels of water. The water production is considered to be predominantly drilling and completion fluids. The well was still producing slugs of drilling mud during the period and is not believed to have been fully cleaned up yet.

TCEI are making preparations to flush the well with a mud cleanout treatment to help mobilize any remaining drilling mud and completion fluids. Such treatments have effectively been used many times in the Chalk at analogue and other fields to enhance the flow and clean the formation. The well was shut in on 04/10/08 in preparation for this operation.

Weston - 1H

Eureka has also been advised by TCEI that the Weston - 1H well has reached a depth of 735ft and has run and cemented the surface casing at this depth. Preparations are currently underway to commence the next hole section.

The well is targeting the upper chalk interval that has been reported to have successfully produced gas and condensate in three wells in the adjacent acreage and gave positive indications while drilling in the Kowalik - 1H well. The well design continues to build upon the knowledge gained from recent operations and offset data.

The well is planned to take 65 days from spud.

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