

ASX RELEASE

12 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 AML, which is part of the Sugarkane Gas and Condensate Field.

Weston - 1H

Eureka has been advised by TCEI that the Weston - 1H well has reached a depth of 6,090ft and as planned the Operator has pulled out of the hole to run casing at this depth.

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 is currently on production at the Kowalik - 1H well (see below). The well design continues to build upon the knowledge gained from recent operations and offset data.

Kowalik - 1H

Eureka has been advised by the operator, Texas Crude Energy Inc ("TCEI"), that at 06:00hrs on the 11/11/08 (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 approximately 884,000 cubic feet of gas, 190 barrels of oil and 35 barrels of water. The water production is considered to be predominantly fluids used in the recent cleanout operation.

The present production rate of approximately 2.85 million cubic feet equivalent per day is significant to the extent that it again expands the confirmed gas and condensate productivity of this new field discovery being approximately 5km from our Kennedy -1H well and 9km from announced recent production in adjacent acreage. We agree with the Operator's interpretation that whilst approximately 4,600' of horizontal section was drilled in this well, it was approximately the last 1,500' that was drilled at a specific horizon within the upper chalk which should be pursued in subsequent wells drilled in this area of the field. This particular horizon demonstrated the gas flows and flares during drilling which are an indicator of higher permeability, usually through natural fracturing. Accordingly completion operations have focused on that 1,500' section.

It is the Operator's intention to now produce the well for a period of time during which consideration will be given to further operations to test the potential for increasing production in this well, which we consider possible.

We consider it worth comparing the current production at Kowalik - 1H to our analysis of recent wells drilled in analogue Austin Chalk formation in Polk and Tyler Counties in East Texas. There development operations are advanced and upwards of 100 development wells have been drilled, the majority now being dual 6,000' lateral sections (i.e. up to 12,000' of exposure to an established and well known reservoir). In relative terms applying a

comparative rate per 1,000' of horizontal section, we consider that the Kowalik - 1H initial production represents a mid-level producer and is consistent with and within the range of productivity levels to be expected.

Operational plans for the current well Weston - 1H and subsequent wells are to continue to use the field and operational knowledge being generated to initially drill wells with significantly greater exposure to target reservoir in the upper Austin Chalk. In the future, having established production in this zone, we intend to pursue the considerable potential beneath it.

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:

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|--------------------------|-----|
| 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