

**ASX RELEASE**

14 January 2009

**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.

**Weston - 1H**

Eureka has been advised by the Operator, Texas Crude Energy Inc ("TCEI"), that drilling in the horizontal section is now underway and at 06:00hrs on 13/01/09 (US CST) the well had reached a depth of 12,935 ft. Operations over the last week have included an additional run to smooth and condition the kick off bend. Gas readings have increased since entering into the chalk from background readings of 20 - 30 units to readings of 250 units.

The well is targeting the upper chalk interval that has produced gas and condensate in three wells in the adjacent acreage and at the Kowalik - 1H well. The well design continues to build upon the knowledge gained from recent operations and offset data.

**Kowalik - 1H**

Eureka has also been advised by TCEI that the Kowalik - 1H well has been cleaned out to the toe of the well (16,480 feet) with 4% KCl and a mud cleaning agent using coiled tubing. The cleanout removed a number of blockages over the bottom 1,500 feet section of the well, a zone which encountered several strong flares during drilling. On initial flowback, the well flowed at a rate of 131 bopd, 577 mcfpd and 10 bwpd which represents a small increase over the pre-washout rate and is continuing to unload.

Now that it has been confirmed that coiled tubing can be run to the bottom of the well, it is likely that the forward plan will be to conduct an acid stimulation of the bottom section of the well. The use of acid in adjacent acreage wells is believed to have proved beneficial by enhancing the permeability of natural fractures. The timing of this operation is subject to finalisation of program design and availability of equipment.

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](http://www.eurekaenergy.com.au).

Yours faithfully  
EUREKA ENERGY LIMITED

Graham Dowland  
Chairman