eureka energy LTD.

ASX RELEASE	**31 July 2009**
QUARTERLY REPORT	**Eureka Energy Limited** (ASX:EKA, "Eureka" or "Company")
QUARTER ENDING	**30 June 2009**

EXPLORATION, APPRAISAL AND DEVELOPMENT ACTIVITIES

SUGARLOAF PROSPECT: On-shore Texas Gulf Coast Basin, USA
Eureka ownership: 12.5% Working Interest

Highlights

- Eureka has completed negotiations with the operator of its Sugarloaf prospect for the farmout of up to a 50% interest in the Sugarloaf AMI. The operator, Texas Crude Energy Inc, has in turn consolidated many of the Sugarloaf prospect owners together with various other projects they and others own within the larger Sugarkane area and is in discussions with a number of parties in relation to a potential farmin to these projects. A successful farmout will facilitate continuous field appraisal and development across the Sugarloaf prospect and surrounding areas.

- The Kowalik-1H & Kennedy-1H wells continued unstimulated production to sales with 16.5 mmcfg and 5,200 bbls of condensate (for a 100% interest).

- The Weston-1H well, which was drilled to a total depth of 15,800 feet including over 3,000 feet laterally within the Austin Chalk horizon, remains suspended awaiting stimulation activities.

- Continued drilling, completion and production progress by joint ventures adjacent to Sugarloaf with an additional two new wells drilled during the reporting period.

- Significant further drilling and land acquisition activity across the wider Eagle Ford Shale trend which underlies the Austin Chalk and within which the Sugarloaf prospect is central.

Overview

There has been limited operational activity on the Sugarloaf prospect during the past quarter with the focus being on negotiating the terms of a farmout of up to a 50% interest in the Sugarloaf AMI with the operator, Texas Crude Energy Inc ("TCEI"). The operator has in turn consolidated the Sugarloaf prospect interest with various other projects they and others own within the larger Sugarkane gas and condensate field and is in discussions with a number of parties in relation to a potential farmin to these projects.

The rationale for aggregating Eureka's interest in the Sugarloaf prospect with the operators and other party's interests in the larger Sugarkane field is to offer a larger equity position to attract a significant E & P company or investor to facilitate continuous field appraisal and development. We are hopeful of a positive result given the interest in the area and the slowly improving global financial and credit environment.

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Interest in the Sugarkane gas and condensate field has increased substantially in recent times with a number of large US companies reporting a new shale play, the Eagle Ford Shale, within which they had secured considerable acreage. The Sugarkane field is centrally located within the Eagle Ford Shale trend which underlies the Austin Chalk previously targeted by our drilling activity. The hydrocarbons found in the Austin Chalk were originally generated in the underlying Eagle Ford Shale which is known as the source rock for this reservoir. The over pressured hydrocarbon rich Austin Chalk within the Sugarkane field is localised whilst the Eagle Ford Shale is regionally extensive.

To date fourteen modern exploration and appraisal wells have been drilled into the targeted Austin Chalk and/or underlying Eagle Ford Shale formations within the Sugarkane field. Four of these wells are within the Sugarloaf area of interest and ten wells have been drilled by ConocoPhillips either adjacent to or nearby to the Sugarloaf prospect. Very encouraging initial rates of production have been achieved by wells within the Sugarkane Field which have shown a high condensate to gas ratio which significantly improves the field economics.

Ten of the wells drilled within the larger Sugarkane area have been horizontal wells and four have been vertical. Of the horizontal wells two have been drilled into the underlying Eagle Ford shale formation with the others located within the Austin Chalk. Texas Crude Energy Inc advise that the cost of drilling the most recent wells in the Sugarkane area have reduced substantially as a result of prior learnings with the attendant positive impact on commercial returns. There is currently further activity underway in the adjacent acreage.

Three of the four wells that Eureka has participated in at Sugarloaf are horizontal with two wells presently producing to sales at low comparative rates with further completion and stimulation activities required to optimise production rates. Production from the Kowalik-1H and Kennedy-1H wells for the reporting period was 16.5 mmcfg and 5,200 bbls condensate with in excess of 80% of the combined production emanating from the Kowalik-1H well. These wells are tied in to the sale lines. The third horizontal well completed during the last quarter, Weston-1H, has a liner cemented along the lateral length of the well and is suspended awaiting stimulation activities. Eureka has a 12.5% interest in the Kennedy-1H and Weston-1H wells and a 14.33% interest in the Kowalik-1H.

Both the Kowalik-1H and Weston-1H wells have been drilled horizontally within the Austin Chalk whilst the Kennedy-1H well was drilled into the Eagle Ford Shale formation. Under the farmout presently being lead by the operator assisted by Jefferies, Randall and Dewey, who are a leading US based oil and gas advisory practice, it is proposed that a well stimulation program will be undertaken on these three horizontal wells to substantially enhance production rates.

Austin Chalk and Eagle Ford Shale

The Austin Chalk trend is orientated parallel to the Texas Gulf Coast stretching from the Mexican border across the state of Texas and into Louisiana. There are four primary fields in this trend being Giddings, Pearsall, Brookeland and Masters Creek. The Sugarkane field lies south of the Giddings field and East of the Pearsall field. The Brookeland field is north east of the Sugarkane field and in recent years has been extended south with the discovery of a deeper high pressure Austin Chalk system which remains a close analogy for the Sugarkane field. Both fields have similar pressures, high condensate to gas ratios, depths and relatively high quality reservoir character.

The hydrocarbons found in the Austin Chalk were originally generated in the underlying Eagle Ford Shale which is known as the source rock for the Chalk and a reservoir in its own right. In the US there are a number of Shale plays that are now significant contributors to domestic gas supply including the Barnett, Fayetteville, Bakken and Haynesville fields. In the Sugarkane field we now understand there to be a single reservoir with large volumes of over pressured rich gas

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in place, the lithology section beginning with a high chalk content at the top transitioning to the true Eagle Ford shale by the bottom.

The Sugarkane field geological model consists of a localised pool of over pressured Austin Chalk overlying a regionally extensive Eagle Ford organic shale. The pressure gradient is 0.8 psi/ft compared to a more normal pressure gradient of 0.45 psi/ft. The gross reservoir thickness across the Sugarkane field is 180 – 250 ft, which is determined by 14 wells drilled in the past 4 years (at least 8 of which are fully logged) and seismic survey of the field, which is significantly larger than our original understanding. Gas produced from the Sugarkane field is very rich with 1,250 British Thermal Units ("BTU's") / cfg (compared to dry gas shales within the Eagle Ford Trend and elsewhere of 1,000 BTU / cfg) and a significant condensate to gas ratio of 150 to 300 bbls / mmcfg. These factors are very important as they have a substantial impact on the commerciality of the prospect with high BTU gas selling at a premium to lower BTU gas and liquids being considerably more valuable than gas. Based on this condensate ratio observed to date and the current commodity pricing, in excess of 60% of the value of the produced hydrocarbons will be derived from the liquids.

A number of large US domiciled and listed entities have recently announced their participation within the Eagle Ford Shale play. Pertinent details of their interests are summarised in the table below starting from the northern end of the Eagle Ford Shale trend and moving south toward the Mexico border.

Entity	**Acreage**	**Activity**
Apache Corporation	450,000	Minimum of 5 wells drilled to date.
Pioneer Natural Resources	310,000	2 wells drilled.
ConocoPhillips	300,000	12 wells drilled.
Petrohawk Energy	160,000	11 wells drilled.
Murphy Oil Corporation	100,000	
Anadarko, TXCO, St Mary's Land & Exploration and EnCana Corporation	1,100,000	4 wells drilled.

The ConocoPhillips acreage is situated on a trend to the northeast and southwest of the Sugarloaf AMI and importantly has been identified by them as a key asset within their onshore US resource portfolio.

The closest publicly reported information to the Sugarkane Field is from Petrohawk with their acreage being located directly to the southwest of the Sugarkane Field following the Eagle Ford trend. Petrohawk has set a budget of US$120M for 2009 for the Eagle Ford play with 21 wells projected to be drilled before year end. To date they have drilled 11 wells with production results for 5 of these known and detailed in the table below with the well locations commencing with those closest to the Sugarkane Field and then moving south.

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Well Name	Reported Daily Production
Donnell Minerals 1H	3.8 mmcfg + 395 bblsc
STS 1H	7.6 mmcfg + 250 bblsc
Brown Trust 1H	8.1 mmcfg + 201 bblsc
Dora Martin 1H	8.3 mmcfg
Henderson-Cenizo 1H	9.1 mmcfg

Petrohawk estimate an average recovery of 5 to 6 Bcf / well and have achieved a significant reduction in well costs over the course of the drilling program to date. They have reported lower initial decline rates and a flatter hyperbolic production profile than observed in other shale plays which is consistent with the Sugarkane Field discovery well, Kunde#1, which has now been on production for close to 3 years and continues to produce on plateaux. Petrohawk has also noted an increasing trend of condensate content in the northeast of their acreage (closest to the Sugarkane Field) with the closest well to the Sugarkane Field demonstrating a condensate to gas ratio of in excess of 100 bbls / mmcfg. Petrohawk have also stated that core analysis indicates that the Eagle Ford is one of the highest quality shale reservoirs discovered to date in the US and that it is proving to be equally profitable as their Haynesville interests where they are acknowledged as one of the most successful participants to date.

Sugarloaf Farmout Activity

Eureka's principle objective of the farmout being sought is to have sufficient new productive wells drilled across the Sugarkane Field to clearly demonstrate size and productivity over a large area and thereby unlock the significant value potential of Eureka's interest at Sugarloaf. The potential farminee will be offered an attractive equity interest in a large development leasehold opportunity across various AMI's within the Sugarkane Field in return for funding an agreed work program across each AMI at minimal cost to Eureka. The likely work program under a farmout will include the drilling of new horizontal wells as well as the completion and stimulation of each of the three existing horizontal wells within a fixed time frame.

The preservation of Eureka's funds in a constrained capital environment is considered to be an appropriate strategy at this stage of the development of the Austin Chalk and Eagle Ford Shale plays within the Sugarloaf AMI.

Whilst any successful farmout will lead to a decrease in Eureka's net acreage position within Sugarloaf, the resultant increase in value of Eureka's retained interest should be significant.

Marketing of the farmout opportunity commenced during the quarter. This process will likely take some months to complete but we are hopeful of a positive outcome given the interest in the area and the slowly improving global financial and credit environment.

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

The Northern Territory base metals prospective EL 23639 was relinquished during the reporting period consistent with the terms of the original licence.

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CORPORATE

During the quarter Mr Alex Neuling resigned his position as director of Eureka and was replaced by Mr Tim Grice. Mr Grice has broad experience in capital markets where he has worked for a number of years and has held senior advisory positions with leading international investment banks and national stockbroking firms.

Eureka's cash position is currently $387,000. The Board continues to monitor the Company's operating position very carefully. During the next quarter, limited operational activity is expected at Sugarloaf whilst marketing of the farmout opportunity occurs. Farmout success will address any requirement to contribute further significant funding toward the stimulation of the existing wells and the drilling and completion of an agreed number of new wells.

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. 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 29 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.

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Rule 5.3

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	Quarter ended ("current quarter")
46 116 829 139	30 June 2009

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (12 months) $A'000
1.1	Receipts from product sales and related debtors	45	149
1.2	Payments for (a) exploration and evaluation	-	(3,601)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(13)	(600)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	2	53
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other	-	-
	Net Operating Cash Flows	34	(3,999)
	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)	34	(3,999)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	34	(3,999)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	1,304
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	-	(88)
	Net financing cash flows	-	1,216
	Net increase (decrease) in cash held	34	(2,783)
1.20	Cash at beginning of quarter/year to date	368	3,185
1.21	Exchange rate adjustments to item 1.20	(15)	(15)
1.22	**Cash at end of quarter**	387	387

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	10
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 fee

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

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	50
4.2	Development	
	Total	50

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	387	368
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	387	368

Changes in interests in mining tenements

		Tenement reference	Nature of interest	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.

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** *(description)*	-	-	-	-
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	 - -	 - -	 - -	 - -
7.3	**+Ordinary securities**	115,003,875	115,003,875	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** *(description)*	-	-	-	-
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	 - -	 - -	 - -	 - -
7.7	**Options** (i) Listed Options Unlisted Options	 1,000,000		*Exercise price* $0.35	*Expiry date* 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***(totals only)*	-	-	-	-
7.12	**Unsecured notes** *(totals only)*	-	-	-	-

+ 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

2 This statement does /~~does not~~* *(delete one)* give a true and fair view of the matters disclosed.

Sign here: .... Date: 31 July 2009
(~~Director~~/Company secretary)

Print name: JULIE FOSTER

+ See chapter 19 for defined terms.