

ASX RELEASE**22 DECEMBER 2009****SUGARKANE GAS & CONDENSATE FIELD WORK PROGRAM COMMENCING**

Eureka Energy Limited ("Eureka") is pleased to provide the market with an update on preparations within the Sugarloaf Area of Mutual Interest ("AMI") for the first phase of farm-in work as outlined in the recent announcements.

The first of the three existing wells to be stimulated will be the Kowalik-1H well with the equipment and services scheduled to be on site to commence operations on 28th December 2009. The horizontal section in the well has approximately 3,800 ft of slotted liner and then a further 850 ft of conventional solid liner in place. The plan is to stimulate the slotted section with a single large treatment and the conventional solid section of the liner will be treated in 4 stages with an isolation plug between each one. This program will take approximately 7 days to complete and the well will then be cleaned up and flowed to sales. The stimulation approach to be used on the Kowalik-1H well is dictated by the slotted liner in place in the well and whilst it differs from our preferred stimulation program planned for the other wells it is expected to improve upon the productivity observed to date.

The fracture stimulations at Kennedy-1H and Weston-1H are presently scheduled to commence at the end of January 2010 and early February 2010 respectively. The timing of these operations has been impacted by the availability of fracture stimulation equipment as a result of the ramp up in activity within the Eagle Ford Shale trend. As these wells have cemented solid liners in place they will be stimulated in stages along their length with 14 and 13 stages respectively. It is anticipated that it will take approximately 10 - 14 days to complete the stimulation operations on each well.

Work has now commenced in preparation for the first new Sugarloaf well in the farmout program that was announced on the 21st September 2009. It is anticipated that the first well will spud in early 2010, ahead of the completion of the frac program on the existing three wells. This will be the start of a 10 well campaign within the larger Sugarkane field that is scheduled during the 2010 calendar year with 3 of the wells to be drilled within the Sugarloaf AMI in which Eureka is a partner and which acreage is centrally located within the Sugarkane field.

A further announcement will be made once operations commence at the Kowalik-1H well.

Yours sincerely
EUREKA ENERGY LIMITED

Graham Dowland
Chairman