

ASX RELEASE

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KOWALIK-1H FRACTURE STIMULATION UPDATE & NEW WELL PREPARATIONS

Kowalik-1H Fracture Stimulation Program

Eureka Energy Ltd ("Eureka") provides the market with an update on the fracture stimulation operations at the Kowalik-1H well. As previously reported the pumping operations commenced on 28th December 2009 (US CST) with the first stage comprising of four phases targeting the horizontal 3,800 ft of slotted liner.

After 22 hours of continuous pumping and during the fourth phase of the stimulation program an anomalous pressure drop was noted and operations were suspended to allow further investigation. At this point the first three phases had been successfully completed with over 80% of the planned fluids for this stage having been pumped with encouraging real time indicators of the stimulation.

Following the investigation the Operator has elected to run a tie back string of 5½ casing from the top of the liner to surface. Thereafter an isolation plug, which has been set in the liner as part of the investigation, will be removed and the well flowed to surface.

The fracture equipment has demobilised and a rig is now moving on to location to carry out the abovementioned work. It is presently estimated that the Kowalik-1H well will be flowed to production in 1-2 weeks.

First New Well Under Farmin Agreement

Preparations and planning is now underway for the first farmin well at Sugarloaf, the Easley-1H well, which will be located approximately 2km to the north east of the Weston-1H well. As previously reported, this well is expected to be spudded during the month of January 2010.

Yours sincerely
EUREKA ENERGY LIMITED

Graham Dowland
Chairman