

**ASX RELEASE**

**22 JANUARY 2010**

**Kennedy-1H Fracture Stimulation Update & Spudding of New Easley-1H Well**

Eureka Energy Limited ("Eureka") is pleased to provide the market with an update on operations within the Sugarloaf AMI.

**Kennedy-1H Well - Fracture stimulation program**

Eureka has been advised by the Operator, Texas Crude Energy Inc ("TCEI"), that the fracture stimulation operations at Kennedy-1H commenced as scheduled on Monday 18<sup>th</sup> January. The operations thus far have been executed as planned with the fourth stimulation stage out of fourteen under way early on the morning of Thursday 21<sup>st</sup> January local time. It is expected that the stimulations will be completed next week and thereafter the isolating plugs that are set in between each stimulation stage will be drilled out with coiled tubing and the well then flowed back to sales.

**Easley-1H Well – Spud of new well**

TCEI have also advised Eureka that the that the Patterson #150 drilling unit has now completed rig up and the Easley-1H well was spudded on Thursday 21<sup>st</sup> January. The well is scheduled to take approximately 40 days to drill, which includes a vertical pilot hole from which additional data on the Eagle Ford Shale will be gathered. The well has been designed with a 4,000 ft horizontal section and will access both the Austin Chalk horizon, which is locally prevalent within the Sugarkane field, and the Eagle Ford Shale when it is subsequently stimulated. The well is located approximately 2km to the north east of the Weston-1H well. The Easley-1H well will be the first new well to be drilled under the farmin agreement with Hilcorp Energy within the Sugarloaf AMI.

Further operational updates will be issued on a weekly basis or if required following material events.

Yours sincerely  
**EUREKA ENERGY LIMITED**

**Graham Dowland**  
**Chairman**