

ASX RELEASE**28 JANUARY 2010****SUGARLOAF OPERATIONS UPDATE**

Eureka Energy Limited ("Eureka") provides the market with following update on operations within the Sugarloaf AML.

Kennedy-1H - Fracture stimulation program

Eureka has been advised by the Operator, Texas Crude Energy Inc ("TCEI"), that by 0700 hrs on Wednesday 27th January (USCST) over 2,200 ft of the horizontal liner in the Kennedy-1H well had been fracture stimulated in 8 separate stages. It appears that when pumping the 8th stimulation stage a shallower portion of the liner, within the reservoir section, may have ruptured and it has not been possible to run further isolation plugs past this point to continue with the remaining stages. However Coiled Tubing has easily moved past this depth and operations will shortly commence to drill out the existing plugs and then flow the stimulated section of the well. This is expected to provide a reasonable test of production performance that can be scaled up for a longer well.

Easley-1H – New Sugarloaf well

TCEI have also advised Eureka that the Easley-1H well has reached a depth of 6,160 ft. An evaluation log has been run and the rig has run a casing string at this depth which is presently being cemented in place. Thereafter the well will be drilled down to the Austin Chalk and Eagle Ford Shale targets as a vertical pilot hole before being sidetracked as a horizontal production well.

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

Yours sincerely

EUREKA ENERGY LIMITED

**Graham Dowland
Chairman**