

ASX RELEASE

3 March 2010

SUGARLOAF OPERATIONS UPDATE

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

Morgan-1H

Eureka has been advised by the operator Hilcorp Energy ("Hilcorp") that the second farm in well within the Sugarloaf AMI, the Morgan-1H well, was spudded on Friday, 26th February (US CST). The well is located approximately 5 km North West of the Easley-1H well and is expected to take approximately 6 weeks to drill to TD. The well design includes a vertical pilot hole prior to drilling a horizontal section that will access both the Austin Chalk and Eagle Ford horizons following fracture stimulation.

Easley-1H

As at 0730 hrs on 2 March 2010 (US CST) the well was drilling ahead at a depth of 15,535ft (MD) with approximately 2,800 ft of horizontal section now having been drilled within the reservoir. Elevated gas readings have been observed since penetrating the reservoir.

Kennedy-1H and Weston-1H

Both wells continue to produce to sales in line with expectation. Production tubing has yet to be installed in either well and further updates on production rates will be provided once this has occurred and stable flow rates have been established.

Eureka has a 12.5% working interest (pre-farmout) in the Sugarloaf AMI. Other ASX listed participants in the Sugarloaf AMI, and their respective pre-farmout working interests are:

Aurora Oil and Gas Limited 20%

Adelphi Energy Limited 20%

Yours sincerely
EUREKA ENERGY LIMITED

Graham Dowland
Chairman