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Company Announcements Platform
Australian Stock Exchange
Level 4
20 Bridge Street
SYDNEY NSW 2000

By e-Lodgement

High Island Project – Acceleration of Development Plan

Aurora Oil & Gas Limited (ASX: AUT) (**Aurora** or **Company**) is pleased to advise that following the successful drilling of the High Island 1 well, located off-shore Texas, the joint venture partners are currently evaluating opportunities to fast track project development with a view to commencing production before the fourth quarter 2007.

Previous ASX releases have referred to the construction of new production facilities and drilling of wells two and three before calendar year end, with production forecast to commence in approximately February 2008. Plans currently under consideration would see the acquisition of an existing platform, drilling of the second development well and start of production near the end of the third quarter 2007.

The initial gas production rate is expected to be in excess of 20 million cubic feet per day from the first two wells. The third development well would be drilled and if successful, added to production in 2008. Levels of condensate and oil production are expected to increase to in excess of 1,500 barrels per day over time from the field.

As previously advised, the High Island -1 well has confirmed the presence of good quality gas and condensate in high quality reservoir sands in both the shallower zone, top at 6,823 feet Measured Depth ("MD") and the deeper zone, top at 9,704 feet MD. Reservoir thicknesses are broadly in line with pre-drill expectations. Both zones correlate with hydrocarbon bearing sands in the six earlier drilled penetrations of these sand units and are consistent with the pre-drill mapping of the 3D seismic data.

Pre-drill reserve potential based on the 3D and existing drilling data was 3.2 million barrels of oil and 38 billion cubic feet of natural gas, potentially recoverable from three new wells.

Federal and other royalties on production equate to 25% giving a Net Revenue Interest (NRI) to Gawler of 22.5% (75% of 30%). In addition, the 30% WI is subject to an arrangement allowing certain USA based private interests to "back-in" for 5.4% after the interest holder has recouped its initial investment.

Ownership

Aurora's wholly owned subsidiary Cottesloe Oil & Gas, Inc. ("Cottesloe") has a 30% Working Interest in the project. Aurora has entered in to an agreement ("Agreement") with ASX listed company Gawler Resources Ltd ("Gawler") that, subject to Gawler shareholder approval, would result in Gawler acquiring this and future opportunities in the shallow water of the Texas Gulf Coast, with Aurora becoming a major shareholder. Pursuant to the Agreement, Gawler will lend the money to Cottesloe in order to fund the costs of the High Island project. Subject to shareholder approval at a meeting convened for this morning in Perth Western Australia, Gawler can acquire 100% of Cottesloe in return for shares and options as previously disclosed.

Under the terms of the Agreement, the running of pipe (production casing) satisfied a milestone condition. Therefore upon shareholder approval, in addition to the previously announced 8 million fully paid ordinary shares to be issued, 6 million convertible shares issued as part of the acquisition will be immediately convertible into fully paid ordinary shares in Gawler. Aurora will also now have the right to acquire up to a further 6 million options (in addition to the previously announced 8 million options) for a subscription price of 1 cent each and exercisable at 20 cents each on or before 31 March 2009.

Yours sincerely
AURORA OIL & GAS

Alex Neuling
COMPANY SECRETARY

This report contains some references to forward looking assumptions, estimates and outcomes. These are uncertain by nature and no assurance can be given by Aurora that its expectations, estimates and forecast outcomes will be achieved.

In accordance with ASX requirements, the technical information contained in this report has been reviewed by P D Allchurch, BSc, FAIMM, MPESA, a consultant to Aurora. Mr Allchurch has in excess of 5 years experience in his field of activity and he consents to the inclusion in the report of the matters based on this information in the form and context in which it appears. Mr Allchurch holds shares and options in Aurora.