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

By e-Lodgement

Operations Report

West Black Lake - Dolores Well Update

Aurora has been advised by the Operator that installation of a steel liner over the reservoir section of the Dolores well is now in progress as the first step in a re-fracture-stimulation of the full reservoir section.

At the time of report (0600 21.3.07 Texas) the 4.5 inch diameter liner had reached TD and the Operator was preparing to cement the liner in place.

Background

The Dolores #1 spudded in June 2006 and was successfully drilled to a Total Depth of 13,737 feet.

Gas shows and wire line log interpretation indicated potential gas pay in carbonate reservoir in the open hole section between 13,473 feet and TD.

Following open hole flow tests the un-cased reservoir was fracture stimulated in open hole using acid without proppant and tested again. Test results were lower than expected and analysis of a subsequent pressure build-up indicated that this was due to inadequate stimulation, probably because all of the pumped fluid had gone into a single natural fracture.

To overcome this problem, a conventional fracture stimulation through perforated steel casing (liner) is required so that the fracture fluid is directed to the log interpreted potential pay zones.

Aurora has the opportunity to earn a 20.15% interest in five wells (15.1125% Net Revenue Interest) through the funding of a 40.3 % interest in each well until individual well payback (on an accelerated basis). Following the completion of this five well drilling program, Aurora has the option to acquire a 10% working interest in the balance of the Project for the payment of US\$1 million and to participate on a 1:1 basis thereafter in respect of that interest. (Aurora would maintain its 20.15% interest in the initial five wells).

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.

Information contained in this report was compiled from information provided by Texas Crude Energy Inc and reviewed by P D Allchurch, BSc, FAIMM, MPESA, who has had more than 35 years experience in the practice of geology and more than 5 years experience in petroleum geology. Mr Allchurch has consented to the inclusion in this report of the matters based on this information in the form and context in which it appears. Mr Allchurch holds shares in Aurora Oil and Gas Limited.