

15 August 2007

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

By e-Lodgement

Dear Sir/Madam

OPERATIONAL UPDATE

SUGARLOAF PROJECT

Sugarloaf-1 Well

Aurora Oil & Gas has been advised by the Operator of the Sugarloaf Project (Texas Crude Energy, Inc "TCEI") that testing of the Cretaceous aged carbonate zone in the Sugarloaf-1 well is now expected to commence by the last week of this month due to a delay with the availability of the frac and testing equipment required to undertake this next well operation.

The Operator has also confirmed that the rig to drill the next well "Kennedy-1H" (designated Sugarloaf-2 in our previous release) on the Sugarloaf Joint Venture leases has now been secured and construction of the drill site has commenced. A contract has been signed for the same rig that successfully drilled Sugarloaf-1 and which has adequate capacity to drill this next well. As previously announced, Kennedy-1H is designed to be drilled as a vertical well to a depth of approximately 12,000 feet at which point the well will be kicked off to drill a 5,000 feet horizontal section into the upper zone of the Cretaceous aged carbonate reservoir.

On a trouble free basis, Kennedy-1H is expected to take approximately 45 days to be drilled and completed, to be followed by fracking and testing operations if successful. The well is expected to spud by mid September, subject to the timing of the rig's release from the well it is currently drilling.

NORTH BELRIDGE PROJECT

NB 26-2H Well

The Operator TCEI, has advised that as planned they have attempted to frac the Malibu 26-2H through the ported subs in the 4-1/2" casing. The frac service company encountered mechanical issues the result of which was that it was not possible to achieve the planned fracture stimulation with the pumping equipment configuration onsite. An election was then made to shut down for two – three weeks to evaluate options and make the changes necessary to give the best chance for a successful frac. This further operational delay is disappointing. We will advise shareholders as soon as we have a recommendation for proceeding and a new frac date scheduled.

Yours sincerely
AURORA OIL & GAS LIMITED

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 concerning the background to the Sugarloaf and North Belridge projects was compiled from information provided by Texas Crude Energy Inc. Information on all the above mentioned projects was 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.