

14 November 2007

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

By e-Lodgement

Dear Sir/Madam

OPERATIONS UPDATE

Kennedy #1H

Aurora Oil & Gas Limited (ASX:AUT, "Aurora") advises that the Kennedy-1 exploration well has reached Total Depth of 16,750 feet Measured Depth and is presently preparing to run logs prior to casing for completion and testing. Total depth was called some 820 feet short of the original proposed measured depth of 17,570 feet for operational convenience.

Background gas levels whilst drilling in the Austin Chalk upper target zone remain in the range of 40 to 300 units; the commercial significance of which will not be known until testing operations are completed.

Sugarloaf-1

Post fracture stimulation logs have now been run and are being analysed. The lowermost Austin Chalk interval that was previously fracture stimulated has been put back on flow test and on 11 November commenced flowing gas at a rate of 387,000 cubic feet per day with approximately 335 barrels of water (mostly frac fluids) per day.

As at report time on 13 November, the well had declined to 180,000 cubic feet per day with minor quantities of water. In addition, over the final 5 hours of the report period, 39 barrels of condensate had been produced. The significance of these flows will not be known until the testing of the zone has been completed and analysed.

Aurora, through its wholly owned US subsidiary Sugarloaf Oil & Gas, LP, has a 20% interest in the Sugarloaf Project which includes the Sugarloaf-1 and Kennedy #1H wells.

Yours faithfully

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 Sugarloaf project was compiled from information provided by Texas Crude Energy Inc. Information on the above mentioned project 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.