

20 November 2007

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

By e-Lodgement

Dear Sir/Madam

SUGARLOAF OPERATIONS UPDATE

Kennedy #1H Well

Aurora Oil & Gas Limited (ASX:AUT, "Aurora") advises that well logging operations over the open horizontal portion of the Kennedy-1 well have been completed and a 4-1/2 inch liner is presently being run to the measured Total Depth of 16,750 feet.

Interpretation of the logs indicates several extended zones of potential pay in the upper part of the Austin Chalk. A liner is presently being run as the first step in an extensive fracture stimulation and testing program.

It is considered that the log results at the Kennedy-1 well are encouraging in their own right however, this horizontal well represents the early stage in the appraisal of a new reservoir and stratigraphic play and will require the careful selection of a fracture stimulation program to optimise the flow and recoverability of any hydrocarbons. As such, the testing program at Kennedy is not likely to commence for several weeks.

Sugarloaf-1 Well

The well is currently shut-in and is preparing to run completion tubing in order to carry out longer term production and pressure tests.

Since the last report on Wednesday 14th November, gas and condensate production has continued to decline and gas, condensate and water flows became intermittent. During this test period gas was produced at a maximum rate of 387,000 cubic feet per day. A total of 51 barrels of condensate and 391 barrels of water (mostly frac fluid but with formation water being produced in the latter stages of the test) were also recovered over the period.

Analyses of the formation water are characteristic of a formation below the Austin Chalk and it is likely that the frac has penetrated to below the Austin Chalk target zone and is allowing water production into the well. Further well testing will be required in order to confirm the source of the formation water and hydrocarbons.

The Operator, Texas Crude Energy Inc. has advised that it does not expect further tests to be carried out on the Sugarloaf 2 and 3 (middle and upper) zones until testing of the Kennedy well has been concluded.

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.