

6 December 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 Well

Aurora Oil & Gas Limited (ASX:AUT, "Aurora") advises that a 4-1/2 inch liner has been run to a Total Depth of 16,530 feet and been cemented in place. Operations continue to prepare the well for the planned extensive fracture stimulation testing program.

As previously advised, the interpretation of the logs indicates several extended zones of potential pay in the upper part of the Austin Chalk and are encouraging in their own right. As this horizontal well represents the early stage in the appraisal of a new reservoir and stratigraphic play it 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

Since our last report completion tubing has been re-run and testing has just begun. Early swabbing has recovered hydrocarbons. The significance of the hydrocarbons cannot be determined until the well has stabilized and the test has run for an extended period.

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.

El Fatso Project - Schoenfield #1 Well

Since our announcement on 29 November 2007 of the acquisition of a 50% working interest in the El Fatso Project, good progress has been made in relation to site preparation activities for the Schoenfield #1 exploration well.

The operator, Texas Standard Oil & Gas Operating Company, reports that the site has been surveyed, the drill pad is under construction and the drill rig is in the process of mobilising. The rig is expected to arrive on location this week and the Schoenfield #1 well is likely to spud next week. The proposed depth for the well is 13,500 feet in a drilling time of around 30 days on a trouble-free basis.

The El Fatso Project is located in Wharton County, approximately 120 kilometres southwest of Houston, Texas. The Schoenfield #1 exploration well will be drilled as a deviated well targeting three seismic amplitude and AVO defined gas and condensate prospects contained in a lower Yegua sand fairway. Aurora holds a 50% working interest (36.5% NRI) in the project, which in a success case, will reduce to 37.5% (NRI 27.4%) as a result of a back-in arrangement with the field operator.

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 contained in this report concerning the El Fatso project was compiled from information provided by Texas Standard Oil & Gas Operating Company. Information on 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.