

7 January 2008

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

By e-Lodgement

Dear Sir/Madam

OPERATIONS UPDATE

El Fatso Project - Schoenfield #1 Well

The operator, Texas Standard Oil & Gas Operating Company, reported that the Schoenfield #1 exploration well reached Target Depth of 13,731ft (4,185 metres) at 06:00 hrs (CST) on 4 January 2008. Wire line logs have been run and indicate that although elevated gas readings were obtained while drilling through the target horizons, sufficient sand reservoir has not been developed to indicate commercial gas production. The Schoenfield#1 well is in the process of being plugged and abandoned and the drill rig is expected to be released in the next few days.

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 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.