

26 May 2008

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

**By e-Lodgement**

Dear Sir/Madam

### **KENNEDY #1 – OPERATIONAL UPDATE**

Aurora Oil & Gas Limited (ASX: AUT, "Aurora" or "Company") has been advised by Texas Crude Energy Incorporated ("TCEI"), the operator of the Sugarloaf AMI on the Sugarkane Gas and Condensate field, that production tubing has been successfully installed in Kennedy - 1H and the well has been flowed and placed back on well test. The reservoir stimulation program on the Kennedy-1H well commenced on 14 May, 2008 with the hydraulic fracture stimulation ("frac") of an approximate 600 ft zone at the end of the horizontal section of the well via four sets of perforations.

As at 0600hrs (US CST) on the 25 May 2008 the well had produced a total of 1,274 bbls of fracture fluids, 257 bbls of condensate and is continuing to produce small quantities of gas and condensate. With the production tubing now in place there are several options available to accelerate the recovery of fracture fluid and the potential for additional fracture stimulation along the horizontal section of the well will also be considered.

The condensate and gas recoveries from this zone are encouraging being the first conclusive test of this lower zone within the Sugarkane Austin Chalk.

Further releases will be made as appropriate.

Yours sincerely

**AURORA OIL & GAS LIMITED**

Jon Stewart  
**Executive Chairman**

***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.***

Technical information contained in this report in relation to the Sugarloaf project and Sugarkane field was compiled by Aurora from information provided by the project operator and reviewed by I L Lusted, BSc (Hons), SPE, a Director of Aurora who has had more than 15 years experience in the practice of petroleum engineering. Mr Lusted consents to the inclusion in this report of the information in the form and context in which it appears.