

23 June 2008

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

By e-Lodgement

Dear Sir/Madam

UPDATE ON SUGARLOAF OPERATIONS

Aurora Oil & Gas ("Aurora") is pleased to provide the market with an update on operations within the Sugarloaf Area of Mutual Interest ("AMI") at the Sugarkane Gas and Condensate Field.

Kowalik #1H

Aurora has been advised by the Operator of the Sugarloaf AMI, Texas Crude Energy Inc ("TCEI"), that the next well will be designated Kowalik #1H. The well will spud as soon as the rig completes operations on another well and is mobilized to site, possibly by mid July. The well is engineered to take advantage of the knowledge gained from the work carried out to date within the field and an analogous offset field in the region. It will target the upper pay interval that we understand has successfully produced gas and condensate in three wells in adjacent acreage. The well is planned to have a 6,000ft horizontal section. The Joint Venture is working towards this being the first in a continuous sequence of 4 wells and it is expected that further announcements will be made to this effect in due course.

Kennedy #1H

Aurora has been advised by TCEI that preparations are underway to re-stimulate the deepest 600ft of the horizontal section of the Kennedy #1H well. The fracture operations previously reported by Aurora in May 2008, have been partially successful. Although stable production of minor gas volumes and 40 bbls per day condensate were achieved, it is believed that the well would benefit from a larger fracture stimulation with a modified design.

As previously reported, the Kennedy #1H is believed to be located in the middle interval of the reservoir, which has not previously been fully tested. Aurora is encouraged by the demonstrable productivity and looks forward to the results of the second stimulation. Subject to equipment availability, TCEI have advised that this work will take place within the next 14 days.

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.