

10 July 2008

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

By e-Lodgement

Dear Sir/Madam

UPDATE ON KENNEDY #1H OPERATIONS

Aurora Oil & Gas ("Aurora") is pleased to provide the market with an update on the re-fracture operations at the Kennedy #1H well, within the Sugarkane Gas and Condensate Field.

Aurora has been advised by Texas Crude ("TCEI") that fracture stimulation operations took place on Thursday 3rd July. In preparation for the stimulation, an additional three sets of perforations, each 3 ft long, were placed in between those used for the first stimulation in the bottom 600 ft of the well.

The fracture operation successfully placed approximately 100,000 lbs of high strength proppant into the fractures before high pumping pressures prevented the full program being completed, this represents 90% of the planned fluids and 50% of the planned proppant.

Flow back has recovered about 1,200 barrels of the 6,540 barrels of fluids pumped during fracture operations. Trace amounts of gas and condensate were also recovered towards the end of this period.

Operations are now in progress to clean out any fracture proppant that was left in the well bore as a result of the early termination of fracture operations. After that, flow-back and testing operations will resume. Further announcements will be made as the results become available.

As previously reported, the Kennedy #1H is believed to be located in the middle interval of the chalk reservoir, which has not previously been fully tested. Aurora remains encouraged by the demonstrable productivity from the first stimulation and looks forward to the results of the current stimulation of the same section of the well.

Aurora has a 20% working interest in the Sugarloaf AMI. Other ASX listed participants in the Sugarloaf JV, and their respective working interests are:

Eureka Energy Limited	12.5%
Adelphi Energy Limited	20%

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.