

8th February 2010

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

By e-Lodgement

SUGARLOAF OPERATIONS UPDATE

Aurora Oil & Gas ("Aurora") is pleased to provide the market with the following update on operations.

Aurora has been advised by Texas Crude Energy Inc ("TCEI"), that Hilcorp Energy ("Hilcorp") have exercised their right under the farmout agreement to assume operatorship of activity within the Sugarloaf AMI effective from the 1st February 2010. Aurora welcomes this development but would also like to acknowledge and thank TCEI for the significant role they have played to date in maturing the project to its present status. TCEI remain very actively involved and in particular will continue to manage land related issues.

Easley #1H

The well has reached a depth of 11,350ft having run and cemented the intermediate casing string. This hole section is now drilling down to the Austin Chalk and Eagle Ford Shale targets as a vertical pilot hole with a planned depth of 11,800ft. The pilot hole will then be logged before being sidetracked as a horizontal production well.

Weston #1H

Aurora has been advised by the Operator, Hilcorp, that fracture stimulation operations commenced at the Weston #1H well on the 4th February. It is expected to take approximately two weeks to stimulate the 3,000 ft of horizontal liner in a number of stages. The fracture design is similar to that recently successfully applied to the Kennedy #1H well. Process equipment and flow lines have already been installed and the well will be flowed to sales during the clean up.

Kennedy #1H

The well continues to clean up with production performance in line with expectation after the recently reported IP rates of 4.4 mmscf/d and 1,130 bcpd. Production tubing will be installed in this well in due course.

With regard to ASX releases in particular but all other relevant disclosures, Aurora and its listed joint venture partners follow a formal review and approval process with the operator to ensure that commercially sensitive information remains confidential. Aurora will continue to make releases as and when required and in accordance with ASX disclosure obligations. However, with the increase in field activity currently under way and planned going forward, Aurora intends to make regular releases updating the market but when appropriate rather than strictly on a weekly basis on a particular day.

ASX participants in the Sugarloaf AMI are:

Aurora (ASX:AUT) – 20% (pre-farmout)

Adelphi (ASX:ADI) – 20% (pre-farmout)

Eureka (ASX:EKA) – 12.5% (pre-farmout)

Aurora also participates as a 50% WI holder in a larger area made up of an additional ~ 27,000 acres within the Sugarkane Field adjacent to Sugarloaf. Aurora is the only listed participant in these areas which are also subject to farmout to Hilcorp for the drilling, stimulation and tie in of a further 4 new wells (please refer to earlier releases).

Yours sincerely

AURORA OIL & GAS LIMITED

Jon Stewart
Executive Chairman

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.