

3rd March 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 following update to the market on operations within the Sugarloaf AML.

Morgan #1H - Aurora has been advised by the operator Hilcorp Energy ("Hilcorp") that the second farm in well within the Sugarloaf AML, the Morgan #1H well, was spudded on Friday, 26th February (US CST). The well is located approximately 5 km North West of the Easley #1H well and is expected to take approximately 6 weeks to drill to TD. The well design includes a vertical pilot hole prior to drilling a horizontal section that will access both the Austin Chalk and Eagle Ford horizons following fracture stimulation.

Easley #1H - As at 0730 hrs on 2 March 2010 (US CST) the well was drilling ahead at a depth of 15,535 ft (MD) with approximately 2,800 ft of horizontal section now having been drilled within the reservoir. Elevated gas readings have been observed since penetrating the reservoir.

Kennedy #1H and Weston #1H - Both wells continue to produce to sales in line with expectation. Production tubing has yet to be installed in either well and further updates on production rates will be provided once this has occurred and stable rates have been established.

ASX participants in the Sugarloaf AML 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). 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.