

20 May 2005

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

By e-Lodgement

Dear Sir/Madam

ACQUISITION OF ADDITIONAL INTEREST IN THE EAST FLOUR BLUFF GAS FIELD

Aurora Oil and Gas Limited has acquired an additional 4.1666% working interest in the East Flour Bluff gas field for US\$ 513,333, thereby increasing its total working interest to 16.666% and net revenue interest to 11.666%.

The acquisition has increased the Company's reserve base at an attractive price and will increase cash flow from the field as development proceeds and the existing production increases.

East Flour Bluff has independently estimated 3P (Proved plus Probable plus Possible) recoverable gas reserves of 23.8 BCF (billion cubic feet). The operator estimates there is additional potential for 44 BCF, giving a total of 3P plus additional potential of 67.8 BCF. On the basis of the 3P reserves only, Aurora has acquired the reserves for US\$0.52 per MCF (thousand cubic feet), or US\$ 0.18 per MCF if the additional potential is included. Recent gas sales have been around US\$6.70 per MCF.

Aurora's two Australian listed partners in the East Flour Bluff Gas Development Project, Sun Resources NL and Victoria Petroleum NL have also each acquired 4.1666% working interests in East Flour Bluff on the same terms as Aurora. The interests were all acquired from the operator.

The EFB D-24 development well on the East Flour Bluff gas field, is currently in progress at 3,133 metres. It is the first of a two well development drilling program, with the dual objectives of confirming reserves and increasing gas production. The well is expected to drill into the top of the primary target reservoirs about 80 metres below its present depth. If successful the well will be placed on immediate production.

In summary, Aurora now has a 16.666% working interest in the East Flour Bluff gas field and a 12.5% working interest in the Flour Bluff gas field.

Yours sincerely
AURORA OIL & GAS

Alex Neuling
COMPANY SECRETARY

Information contained in this report was compiled from information provided by Texas Crude Energy Inc and due diligence conducted on the project by P D Allchurch, BSc, FAIMM, MPESA, who has had 35 years experience in the practice of geology and more than 5 years experience in petroleum geology.