

01 November 2006

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

By e-Lodgement

Dear Sir/Madam

SUGARLOAF-1 WEEKLY PROGRESS REPORT

Aurora Oil & Gas Limited advises that at 6am Texas time on 31st October 2006 the Sugarloaf-1 exploration well, located in the onshore Gulf Coast Basin in Texas, USA, was drilling ahead in 6-½ inch hole at a depth of 17,950 feet (5,473 metres).

Since the last report on 25th October 2006, the well has drilled 510 feet (155 metres) of Cretaceous aged limestone to the present depth of 17,950 feet. The requirement for a change of the bottom hole assembly had affected the well progress for the week.

The upper part of the primary Hosston Formation target is expected to be reached shortly. As previously advised, based on seismic data and an offset well the Hosston Formation is anticipated to consist of more than 4,000 feet (1,220 metres) of inter-bedded sandstones and shales with the potential for multiple prospective intervals.

The proposed total depth of 21,000 feet (6,400 metres) is expected to be reached during November assuming trouble-free drilling

ASX releases will continue be made routinely every Wednesday unless there are material matters which require an earlier release.

Participants in the Sugarloaf-1 well are:

Aurora Oil & Gas Limited ¹	20.0%
Texas Crude Energy Inc (Operator) et al ²	41.5%
Eureka Energy Ltd	12.5%
Adelphi Energy Ltd	20.0%
Empyrean Energy plc	6.0%

¹ Through its wholly-owned US subsidiary Sugarloaf Oil & Gas LP

² Includes other US private companies / investors

Further details of the Sugarloaf Prospect and associated farm-in terms are summarised on our website at www.auroraog.com.au, where a brief review of the US gas market and fiscal terms can also be found.

Yours sincerely

AURORA OIL & GAS LIMITED

Alex Neuling

COMPANY SECRETARY

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.

Information contained in this report concerning the background to the Sugarloaf Prospect was compiled from information provided by Texas Crude Energy Inc and reviewed by P D Allchurch, BSc, FAIMM, MPESA, who has had more than 35 years experience in the practice of geology and more than 5 years experience in petroleum geology. Mr Allchurch has consented to the inclusion in this report of the matters based on this information in the form and context in which it appears.