

10 November 2006

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

By e-Lodgement

Dear Sir/Madam

SUGARLOAF-1 GAS INDICATIONS

Aurora Oil and Gas Limited advises that at 6am Texas time on 9 November 2006, the Sugarloaf-1 exploration well was drilling ahead at 18,476 feet (5,633 metres).

Continuing gas indications over an aggregate of 70 feet (21 metres) were obtained while drilling between 18,320 feet and 18,445 feet. Total gas readings peaked at 326 units from a background of about 40 units and chromatography indicates the gas consists dominantly of methane (C1), with ethane (C2) and propane (C3).

The economic significance of these gas indications will not be known until wire-line logs, programmed to be run after the well has reached total depth, have been interpreted and flow testing, if warranted, has been evaluated.

Drilling is continuing towards proposed total depth of 21,000 feet (6,400 metres).

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.