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

By e-Lodgement

North Belridge 26-1H Well, Progress Report

Flow-back and further completion operations are continuing after the frac job on the horizontal portion of the well. Average flow rates on the 11 September, prior to the start of running tubing, were 81 BOPD, 1,107 BWPD and 106 MCF gas per day through a 20/64 inch choke. The approximately 92% water cut is well above the expected 50% water cut obtained from testing of the equivalent zone in the discovery well and is inconsistent with logs. With the preliminary data available to date, the most likely explanation is that the frac has penetrated the underlying water zone, despite being specifically designed not to do so.

The produced oil is light sweet crude, similar to that produced from nearby fields in the basin.

Tubing is presently being snubbed into the well to facilitate the washing out of a large quantity of frac sand which has not been recovered from the horizontal portion of the well during flow-back. It is possible that the un-recovered frac sand may be blocking one or more liner ports and that removal of the sand may increase flow to an unknown extent.

Comment

This first development well in the North Belridge Oil Discovery will produce oil at a rate significantly below the expected 500 BOPD due to the unintended connection of the reservoir to water during the frac operation. On the positive side, the vertical pilot hole drilled approximately 180 feet of log interpreted oil pay and the horizontal well has confirmed recoverable oil over the almost 5000 feet horizontal length of the well, which increases confidence in the reserve potential of the discovery. The information gathered from this well and in particular data relating to completions within these reservoirs is valuable and will be applied to the next development well in the field now anticipated to start drilling in October-November 2006.

Yours sincerely
AURORA OIL & GAS

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 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.