31 July 2008

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

By e-Lodgement

Dear Sir/Madam

QUARTERLY REPORT FOR THE PERIOD ENDED 30 JUNE 2008

OPERATIONS

Activity has continued across the portfolio. An outline update of each of our projects is provided below.

Sugarkane Gas Condensate Field

The Sugarkane Gas Condensate Field was discovered in 2006 by the Kunde #1 exploration well that intersected a unique Austin Chalk formation within the region.

Aurora holds interests in three project areas within the Sugarkane Field; the Sugarloaf AMI (20%), Longhorn AMI (50%) and Ipanema AMI (80%) over a gross land position of 47,144 acres (17,983 acres net to Aurora before royalty interests). Aurora and the project operator Texas Crude Energy Inc are actively planning additional appraisal and development activities in 2008 focused on commercialising the significant resource potential.

Since the last quarterly report the appraisal and evaluation of the Sugarkane Gas Condensate Field has continued and some additional land has been acquired within the Sugarloaf and Longhorn areas of the Sugarkane Field. Within the Sugarloaf AMI, fracture stimulation operations have taken place on Kennedy #1H well and a new well, Kowalik #1H has been permitted and spudded during July, with a further three provisional wells planned to follow on as part of a continuous drilling program.

Several announcements regarding the performance of two horizontal wells in the adjacent acreage within the Sugarkane Field were made during the quarter. These wells are interpreted as having encountered natural fractures within the Chalk when drilling. The published flow rates of gas and condensate are very encouraging. In addition, publically available data indicates that the vertical discovery well in the adjacent acreage continues to produce at near plateau rates. Most recently it was announced that another well is currently being drilled on the adjacent land within that portion of the field adjacent to an existing well and close to the border of our Sugarloaf AMI.

The next 6-9 months will be an exciting time for the field appraisal and development of Aurora's considerable land position within the Sugarkane Gas Condensate Field. We plan to drill four wells within the Sugarloaf AMI over this period. Based on well performance we expect the offset operator to also proceed with a drilling program of a similar number of wells are in the adjacent Sugarkane acreage and further wells have been permitted to be drilled by other local companies holding land within and adjacent to the Longhorn AMI.

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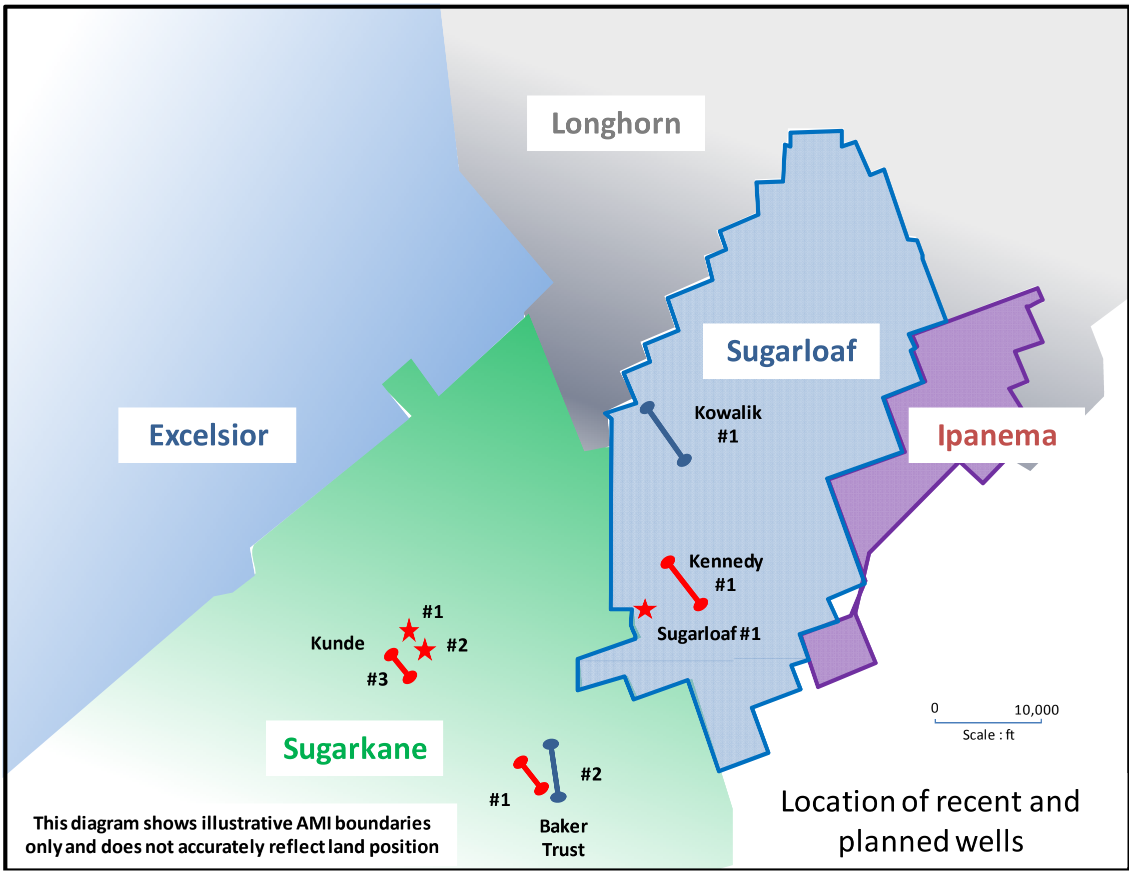
The net and gross acreage position of Aurora across the Sugarkane field is shown in the table below. The additional acreage acquired in the Sugarloaf and Longhorn AMI is consolidation activity with small gaps and partial licenses being targeted within the existing AMI boundaries.

	Sugarloaf AMI	Longhorn AMI	Ipanema AMI	Total
Gross acreage	23,161	19,454	4,530	47,144
Aurora AMI Interest	20%	50%	80%	
Aurora net acreage	4,632	9,727	3,624	17,983

Aurora has approximately four times the acreage exposure to the Sugarkane Field of any of its non-US partners.

Figure 1 below details the locations and relative positions of the existing wells (red) and planned wells (blue) within the Sugarkane field.



Sugarloaf AMI (Aurora 20%)

Kennedy #1H

During the reporting period operations commenced to stimulate Kennedy #1H. Detailed post drill analysis had revealed that the well trajectory was likely to be deeper than planned and was predominately accessing the deeper horizon of the chalk reservoir. Earlier well testing had recovered minor gas and condensate from this horizon in the Sugarloaf #1 vertical well. Whilst gas had been observed when drilling Kennedy #1H, this would be the first horizontal production test of this horizon as the reported production from the adjacent acreage was all from the upper chalk horizons. Furthermore, the drilling operations at Kennedy #1H had not encountered any indications of natural fractures, unlike the two horizontal wells that had been drilled in this field on adjacent acreage.

In preparation for the test, four intervals of 2ft each were perforated along the bottom 600ft of the horizontal 4 ½" liner. On 14 May 2008 a small hybrid fracture stimulation was carried out. By the 25 May only a low percentage of fracture fluid had been recovered and rates of this fluid type had reduced to zero, however the well was continuing to flow at rates up to 40 barrels of condensate per day ("bcpd") with some minor associated gas. As this was the first sustained hydrocarbon flow from this horizon, it continues to support the potential upside to the already considerable resource estimates associated with the upper Chalk horizons.

The successful implementation of the first fracture, but the limited recovery of fracture fluid encouraged the joint venture to re-fracture the zone with a more aggressive fracture design. This operation took place after the reporting period but the market has been informed that a larger frac with larger high strength proppant was partially placed in the reservoir. The cleanup operations commenced with 1,200 bbls of the 6,560 bbls pumped having been recovered by 9 July 2008. Following a clean out of residual fracture proppant, the well was completed with 2 7/8" tubing and then a 1 ¼" coiled tubing string was used to lift fluids from the well. The well continues to flow 30 – 40 bcpd with associated gas and the operator has proposed that it be placed on long term production and its performance monitored.

Kowalik #1H

It was recently announced that the next well in Sugarloaf, designated Kowalik #1H, had spudded on the 18th July 2008. This well will be the longest yet drilled in the Sugarkane Field, with a planned horizontal length of 6,000ft. The well design builds upon the knowledge gained from other drilling in the field and an analogue field in East Texas. The well will target the upper chalk and has been located based on a strategy looking to identify potential areas of natural fractures within the chalk. This targeting strategy is still provisional and will be further refined as more wells are drilled to test the theory. The well was most recently reported to be at a depth of 6,126ft drilling the 8 ¾" pilot hole, which will be drilled vertically into the chalk to a depth of approximately 12,000ft. Once this penetration has been logged, the well will be sidetracked to commence the horizontal section. It is planned that the Kowalik #1H well will be the first in a series of 4 back-to-back operations that will look to contribute to the statistical data set on well performance across the entire field.

Longhorn and Ipanema AMIs (Aurora 50% and 80% working interest respectively)

These AMI's lie within the Sugarkane Gas and Condensate field boundaries and Aurora intends to drill appraisal and development wells in these areas during 2009. In conjunction with the Operator negotiations to acquire additional land within this area continued during the period. Competitor local US companies, some of whom are Chalk development specialists, have taken acreage within and adjacent to the Longhorn AMI. Wells have been permitted by them in this area and Aurora believes that at least one will be drilled in the next quarter. If successful, this well will be a large step out from the successful wells to date in the Sugarloaf and Sugarkane AMIs and will further support the existing database used to determine the areal extent of the Sugarkane field which includes the Longhorn acreage.

Sugarkane AMI (Aurora has no interest in either the Sugarkane or Excelsior AMI's within the Sugarkane field but proximity makes the results very relevant).

(Note: the contents of this section are entirely based on the information disclosed by Empyrean Energy PLC ("EME") to the AIM market during the reporting period and publically available data lodged with the Texas Railroad Commission)

The two horizontal wells drilled in the adjacent acreage within the Sugarkane Gas and Condensate field and both have had initial production rates ("IPR") reported. Kunde #3 (reported by EME as the TCEI Block A-1 well) has reported an IPR of 2.5mmscf/d and 950 bcpd (12 mmscfe/d) and has been on production since late May. The second well, Baker Trust #1, (reported by EME as the TCEI Block A-3 well) has been reported as producing at 2.2 mmscf/d and 560 bcpd (7.8 mmscfe/d), however a flowline is presently being run before this well can be put on long term production. Recent gains in knowledge about the reservoir have indicated that whilst both of these wells were reported to have encountered natural fractures, the completion design can be improved upon.

Finally, the original discovery well, Kunde #1, has now been producing for 20 months and continues to flow at approximately 0.25 mmscf/d and 60 bcpd, which is very encouraging for a vertical Chalk well.

Most recently it was announced that a new well (designated as Baker Trust #2) offset from Baker Trust #1 towards the Sugarloaf AMI has been spudded. This well is reported to have reached a depth of 9,664 ft by 18 July 2008.

Flour Bluff Gas Project, Gulf Coast, Texas (AUT Working Interest 20% to 24.1667%)

Gas production from the project continued to decline naturally over the quarter. The monthly average production of the project for the quarter was 2.2 mmcfd plus 22 bopd.

The operator is intending to seek permission from authorities for a 3D seismic acquisition over the West Flour Bluff Field which lies beneath a military base. It is considered that 3D seismic would provide greater certainty to the next stage of development drilling at Flour Bluff and could identify additional reserve potential. Once approval has been received we expect to receive a detailed proposal from the operator and an estimate of cost. A decision to participate in any such program would follow.

New development drilling directed at existing reserves could add significantly to production levels and is expected to commence once the current and proposed appraisal programs at the Company's (and Operator's) Sugarkane interests are established. Flour Bluff remains a valuable asset of the company with proven reserves, funding for development available and a secure land position.

Elixir Petroleum Limited - (AUT shareholding 12.7%)

Elixir is an internationally focused upstream oil and gas company listed on both the ASX and AIM Markets with a diversified portfolio of interests across the exploration, appraisal, development and production lifecycle.

Elixir's business strategy is to acquire interests in exploration opportunities with high impact potential, work up prospects and ultimately farm out to industry to drill; typically on a full carry basis. Complementing this exploration strategy is the addition of lower risk oil and gas development projects with appraisal upside located in the shallow waters of the Gulf of Mexico. These US projects demonstrate an extremely short cycle time to production and provide cashflow sustainability for the Elixir Group.

Elixir Highlights to 30 June 2008

- Quarterly cash receipts for production from High Island 268-A and Pompano of $2.1 million
- Pompano Well #2 intersected commercial gas pay and was completed as a producer
- Secured a drilling rig for the proposed Pompano #3 development well
- Pompano Joint Venture was awarded the 720 acre exploration block adjacent to the Pompano Project.
- An independent reserve review of the attributed 12.8 Bcfe (1P), 17.4 Bcfe (2P) and 24.2 Bcfe (3P) to the first two wells on Pompano, Elixir has a 25% working interest.
- Completed 1,222 sq km 3D seismic data acquisition programme over Block SL-4, Sierra Leone
- Farm out activities continue on several UK North Sea licences
- The operator of the Mulle Field in the UK North Sea announced recoverable Contingent Resource Estimate of 4 mmboe (P90), 17 mmboe (P50) and 36 mmboe (P10) of which Elixir has a 40% working Interest.
- Completed a capital raising of $7.5 million before costs via placement and entitlement issue.
- Cash balance at the 30 June of approximately $10.6 million

North Belridge Oil Development Project, California (16.25% interest in 10 Well Program)

The North Belridge discovery is a stratigraphic trap at a depth of 9,800 feet in the Monterey Shale Formation in the southern part of the San Joaquin Basin, California and has an estimated potential P50 reserve of 60 million barrels of recoverable oil and 40 billion cubic feet of gas. The discovery is approximately 3,500 acres in area and was defined by three wells and a seismic amplitude anomaly that is similar to that seen within the nearby North Shafter Field.

North Belridge is a substantial oil discovery in a low permeability diatomite reservoir underlain by a high permeability water bearing layer. The development challenge is to perfect a reservoir stimulation (fracture stimulation) in the horizontal portion of the well, so as to achieve high oil production rates without producing the underlying water.

Management considers that North Belridge remains an attractive opportunity to participate in the development of a significant on-shore oil discovery.

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CORPORATE

At 30 June 2008 the Company had cash reserves of approximately $13.5 million after advancing funds of US$3.4 million for the pre paid cost of Kowalik#1 well spudded on 18 July 2008 and additional land acquisition in the various Sugarkane AMI's.

On 14 April 2008 the Company was pleased to announce the appointment of Mr Ian Lusted to the board as Technical Director.

QUARTERLY CASH FLOW REPORT FOR THE PERIOD ENDED 30 JUNE 2008

Please find attached the Company's Appendix 5B for the period to 30 June 2008.
Yours sincerely

AURORA OIL & GAS LIMITED

Jon Stewart
EXECUTIVE CHAIRMAN

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.

Technical information contained in this report in relation to the Sugarloaf, Longhorn, Ipanema, North Belridge, Flour Bluff projects was compiled by Aurora from information provided by the project operators 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.

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Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

AURORA OIL & GAS LIMITED

ABN	Quarter ended ("current quarter")
90 008 787 988	30 June 2008

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (12 months) $A'000
1.1	Receipts from product sales and related debtors	424	1,102
1.2	Payments for (a) exploration and evaluation	(2,144)	(7,358)
	(b) development	(44)	(483)
	(c) production	(182)	(869)
	(d) administration	(57)	(1,422)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	268	744
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other	-	-
	Net Operating Cash Flows	(1,735)	(8,286)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	(60)
	(c) other fixed assets	-	(4)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other – Advancement of funds for land acquisition within AMI's at Sugarkane	(2,131)	(2,131)
	Net investing cash flows	(2,131)	(2,195)
1.13	Total operating and investing cash flows (carried forward)	(3,866)	(10,481)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(3,866)	(10,481)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	20,653
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other		
	Loan Establishment Costs	(82)	(112)
	Issue Costs	-	(1,077)
	Net financing cash flows	(82)	19,464
	Net increase (decrease) in cash held	(3,948)	8,983
1.20	Cash at beginning of quarter/year to date	17,481	4,550
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	13,533	13,533

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	(19)
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Payments include:
Directors' fees, and consulting fees. All payments are on normal commercial terms.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	10,400	-
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	500
4.2	Development	1,600
	Total	2,100

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	1,248	1,088
5.2	Deposits at call	12,285	16,393
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	13,533	17,481

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	**N/A**	-	-	-
6.2	Interests in mining tenements acquired or increased	Interests in various US Lease interests have been acquired during the quarter, in particular as part of the Longhorn, Sugarloaf and Ipanema projects.	-	-	Various

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*	-	-	-	-
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	 - -	 - -	 - -	 - -
7.3	**+Ordinary securities**	202,474,962	202,474,962	Various	Fully Paid
7.4	Changes during quarter (a) Increases through issues Placement Option Exercise (b) Decreases through returns of capital, buy-backs	 - - -	 - - -	 - - -	 - - -
7.5	**+Convertible debt securities** *(description)*	-	-	-	-
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	 - -	 - -		
7.7	**Options** (i)			*Exercise price*	*Expiry date*
	Consolidation Options	8,000,000	-	$0.19	22 Feb 2010
	Loan Options	2,990,000	-	$0.19	28 Apr 2010
	Director Options	1,000,000	-	$0.29	28 Apr 2010
	Consultant Options	1,833,000	-	$0.29	28 Apr 2010
	Note Conversion Options	4,285,714	-	$0.24	28 Apr 2010
	Incentive Options	500,000	-	$0.50	30 Mar 2011
	Incentive Options	3,000,000	-	$0.69	31 Jan 2009
	Consultant Options	1,000,000	-	$0.59	30 Sept 2010
	Consultant Options	1,000,000	-	$0.69	30 Sept 2010
		23,608,714			
7.8	Issued during quarter Upon exercise each option entitles the holder to one ordinary share which will rank pari passu in all respects with the Company's then issued shares.	-	-	-	-
7.9	Exercised during quarter Performance options	 -	 -	 -	 -
7.10	Expired during quarter	-	-	-	-
7.11	**Debentures***(totals only)*	-	-	-	-
7.12	**Unsecured notes** *(totals only)*	-	-	-	-

+ See chapter 19 for defined terms.

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does /~~does not~~* *(delete one)* give a true and fair view of the matters disclosed.

Sign here: .... Date: 31 July 2008
(~~Director~~/Company secretary)

Print name: ALEX NEULING