

30 October 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 SEPTEMBER 2008

OPERATIONS

Aurora has continued to progress all of its assets, although the focus has remained on the Sugarkane Gas and Condensate Field in South Texas. 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 which intersected a unique high quality Austin Chalk formation. A subsequent review of older wells drilled in the region found that the chalk was prevalent across a wide area and subsurface studies have estimated this to extend to over 200,000 acres.

Aurora has taken the strategic decision to maximize its exposure to this field by participating in the mineral rights leasing activities across three adjacent Areas of Mutual Interest ("AMI") within the Sugarkane Field. Aurora holds a 20% interest in the Sugarloaf AMI, a 50% in the Longhorn AMI and an 80% in the Ipanema AMI. Leasing activity has continued during the last quarter and the operator Texas Crude Energy Inc ("TCEI") has reported that an additional 1,040 gross acres in Longhorn have been secured. This brings Aurora's net acreage position up to 18,560 acres. Negotiations continue on further infill land within both Sugarloaf and Longhorn.

The appraisal drilling program at Sugarloaf commenced in earnest this quarter with the Kowalik #1H well being spudded on the 18th July and by the end of the quarter the well had reached a depth of 15,329 ft which included 3,500 ft of horizontal section within the Austin Chalk. Subsequent to quarter end the well was TD'd at a depth of 16,483 ft which included 4,600 ft of horizontal section. The well encountered encouraging indications of natural fractures whilst drilling with multiple flares and high back ground gas readings. At the time of writing the well is being completed for test. The drilling rig is currently being transferred to the next location within the Sugarloaf AMI in order to commence drilling of the next well, Weston #1H..

Appraisal and development activity continues in the adjacent acreage within the 200,000 acre field in which Aurora does not have an interest, with another horizontal well being completed, a vertical well spudded and a further 6 wells being permitted for drilling.

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	20,494	4,530	48,185
Aurora AMI Interest	20%	50%	80%	
Aurora net acreage	4,688	10,247	3,624	18,559

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

Sugarloaf AMI (Aurora 20%)

Kennedy #1H

As reported to the market, Kennedy #1H has been tied into production facilities and was last reported as flowing 0.15 million standard cubic feet per day (“mmscf/d”) and 44 bbls of condensate per day (“bcpd”). The well is presently flowing directly to export and will shortly be tied to a compressor to allow the flowing pressure to be reduced which may increase productivity.

The Joint Venture recognizes the potential of the well and the production confirms that the deeper chalk section that this well is believed to have penetrated is a viable reservoir. There have been two attempts to stimulate the bottom 600ft of the horizontal section but neither has been fully effective. There remain over 3,000 ft of horizontal section to stimulate and further operations are likely in the future.

Kowalik #1H

Kowalik #1H is intended to be the first of a multi-well program and was spudded on the 18th July 2008. Initially a pilot hole was drilled vertically through the chalk reservoir where a number of logs were taken that confirmed the presence of pay and provided a clear correlation to the reservoir seen in the Sugarloaf well, some 5 km to the South.

The well was then sidetracked into the upper chalk horizon and approximately 4,600 ft of horizontal section was drilled. The reservoir section was drilled slightly underbalanced and for over 2,500 ft the well encountered high background gas readings and at frequent intervals generated flares at surface. The well has exhibited encouraging signs but their significance will not be understood until the well is flow tested, commencement of which is imminent.

Aurora took the opportunity to take a slightly increased stake in this well and the surrounding 1,920 acres when a minor partner elected not to participate for financial reasons. This has increased Aurora’s interest in the well to 22.93% and has added 56 acres to our interest in the Sugarloaf AMI area.

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

The Longhorn and Ipanema AMIs are situated within the nominal 200,000 acre Sugarkane Gas and Condensate field. Aurora participates in approximately 25,000 acres in these AMIs which bound the Sugarloaf area where recent drilling has taken place. A listed US tight gas specialist company has permitted a well within the Longhorn AMI on land within their approximate 14,000 acre holding. Aurora expects to drill wells within these AMIs during 2009.

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 Empryan Energy PLC ("EME") to the AIM market during the reporting period and publically available data lodged with the Texas Railroad Commission)

There have now been a total of 5 wells drilled in the adjacent acreage, three horizontal and two vertical. There is a further vertical well currently being drilled and there are another 4 horizontal and 1 vertical wells permitted at this time.

The only production data available to the public is from the original discovery well, Kunde #1. This well continues to produce with a plateau and to expectation.

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 daily average production of the project for the quarter was 1.7 mmcf plus 16 bopd.

Aurora is participating in a feasibility study to carry out the 3D seismic survey across the Flour Bluff area. The surface location to be surveyed is a mixture of residential and Naval air base, the study will devise the best approach to carry out the survey and provide a cost estimate.

A number of workovers to existing wells have been proposed by the operator which should improve production rates at the field. The JV is presently considering these proposals.

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.

Quarterly cash receipts for production from its High Island 268-A and Pompano projects totaled \$3.95 million with cash balances at the 30 September of approximately \$12.9 million.

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

The North Belridge discovery is a stratigraphic trap in the Monterey Shale Formation. The prospect is 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.

CORPORATE

At 30 September 2008 the Company had cash reserves of approximately \$11.35million after advancing funds of US\$3.2million for the second well, Weston 1H, in the Sugarloaf AML program and ongoing land acquisition programs.

QUARTERLY CASH FLOW REPORT FOR THE PERIOD ENDED 30 JUNE 2008

Please find attached the Company's Appendix 5B for the period to 30 September 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 project and Sugarkane field was compiled by Aurora from information provided by the project operator and other publicly available sources. It has been 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.

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

90 008 787 988

Quarter ended ("current quarter")

30 September 2008

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	456	456
1.2 Payments for		
(a) exploration and evaluation	(8)	(8)
(b) development	(2,105)	(2,105)
(c) production	(118)	(118)
(d) administration	(656)	(656)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	276	276
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(2,155)	(2,155)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
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 (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(2,155)	(2,115)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(2,155)	(2,155)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
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 Facility Costs	(29)	(29)
	Net financing cash flows	(29)	(29)
	Net increase (decrease) in cash held	(2,184)	(2,184)
1.20	Cash at beginning of quarter/year to date	13,533	13,533
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	11,349	11,349

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	(326)
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, bonus payment, consulting fees and serviced office rental. 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

+ See chapter 19 for defined terms.

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	12,000	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

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

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	762	1,248
5.2 Deposits at call	10,587	12,285
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	11,349	13,533

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	Various US Lease	-	-	Various
	interests have been acquired during the quarter, in particular as part of the Longhorn and Sugarloaf projects.			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

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 (<i>description</i>)	-	-	-	-
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 (<i>description</i>)	-	-	-	-
7.6 Changes during quarter				
(a) Increases through issues	-	-		
(b) Decreases through securities matured, converted	-	-		
7.7 Options (i)			<i>Exercise price</i>	<i>Expiry date</i>
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	-	\$0.30	28 Apr 2010
Note Conversion Options	4,285,714	-	\$0.25	28 Apr 2010
Incentive Options	500,000	-	\$0.51	30 Mar 2011
Incentive Options	3,000,000	-	\$0.69	31 Jan 2009
New Consultant Options	2,000,000	-	Various	30 Sep 2010
Consultant Options	250,000	-	\$0.60	31 Dec 2011
Consultant Options	500,000	-	\$0.70	31 Dec 2011
	24,358,714			
7.8 Issued during quarter				
Consultant Options	250,000	-	\$0.60	31 Dec 2011
Consultant Options	500,000	-	\$0.70	31 Dec 2011
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	-	-	-	-
7.10 Expired during quarter	-	-	-	-
7.11 Debentures (<i>totals only</i>)	-	-	-	-
7.12 Unsecured notes (<i>totals only</i>)	-	-	-	-

+ 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: 30 October 2008
(~~Director~~/Company secretary)

Print name: ALEX NEULING

+ See chapter 19 for defined terms.