

28th April 2009

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

By e-Lodgement

Dear Sir/Madam,

FARM OUT ARRANGEMENTS

Aurora Oil & Gas ("Aurora") is pleased to advise that it has entered in to arrangements with Texas Crude Energy Inc ("TCEI"), the US partner and Operator of its three joint venture interests within the Sugarkane Gas and Condensate Field, for the implementation of a farmout to raise capital for continuous field appraisal and development.

A brief update regarding the Sugarkane Field and regional activity follows this release. Additional discussion will be included in our imminent quarterly report.

The agreements entered in to provide an effective structure within which to best attract a marquee industry E&P company and or industry financiers as a partner in an outstanding large gas and condensate resource opportunity. It is considered that consolidating interests to increase the potential transaction size provides deal characteristics sought by quality industry investors including medium to large sized E&P companies. To assist with the farmout TCEI have retained Jefferies Randall & Dewey, a leading US advisor dedicated to the global oil and gas energy industry.

Under the confidential terms agreed between Aurora and TCEI and guided by Jefferies Randall & Dewey, the following principles will apply.

- Texas Crude as Operator of approximately 70,000 acres within the Sugarkane Field is best positioned to lead the farm out process and will do so in conjunction with Jefferies Randall & Dewey. It is anticipated that this marketing process could take several months.
- An opportunity will be made available for a farminee to acquire a significant equity interest across that part of the Sugarkane Field in which TCEI and Aurora participate, in return for funding certain well drilling and stimulation operations and pipeline connections. This will constitute a significant program across the Field to be undertaken within a fixed time period.
- The incoming party may be either an E&P company or a financier in which case TCEI will operate the field activity commitments under the farm out arrangements.
- During the marketing period Aurora will not have the obligation to drill a well at each of its Longhorn & Ipanema Joint Venture areas. A successful farmout as proposed would result in these obligation wells being undertaken by the farminee. Should a farmout not be completed as proposed, the drilling obligation would be deferred for a period to allow for alternate arrangements to be made by Aurora.

Commenting on the arrangements that have been agreed Jon Stewart, Executive Chairman of Aurora, commented: "We are very pleased to come to agreement with TCEI on what we both consider to be a clear and effective strategy and structure that offers the best possible chance of a successful outcome. We recognise of course the current difficult market conditions but between us we control a very large acreage position within an industry accepted emerging major resource play. Unlocking the significant value potential is a matter of undertaking additional field activities and getting a reasonable portfolio of wells on production. That is the objective of this program. A successful farmout will of course reduce our net acreage position. But as a result of our efforts in recent years to participate in as much acreage within our target areas as we could reasonably afford, we are comfortable that our retained interest post farmout would be significant and in due course very valuable."

During the abovementioned program to raise capital for continuous field appraisal and development activity it is likely that field operations will be limited. That is, we currently have at our Sugarloaf AMI three horizontal wells drilled; two of which (Kowalik and Kennedy) are on production – albeit at sub-optimal levels pending stimulation operations – and a third (Weston) has been cased and is awaiting completion and stimulation activities. It is likely that first activities under the envisioned program would involve this stock of wells and will represent an attractive initial phase for an incoming investor.

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.

About the Sugarkane Gas and Condensate Field

Aurora has established a substantial landholding position within the recently discovered Sugarkane Gas and Condensate Field, Texas, providing the Company with the opportunity to benefit from a potential multi trillion cubic feet equivalent (Tcfe) gas and condensate resource. The Sugarkane Field covers an identified area exceeding 200,000 acres and is potentially one of the largest undeveloped gas and condensate fields within North America.

The Sugarkane Field, discovered in 2006, is a unique Austin Chalk / Eagle Ford shale field that lies some 20km south of the main Texas Austin Chalk trend. In the early stages of appraisal the Austin Chalk zone within the field has exhibited many characteristics that are superior to the classic Austin Chalk fields such as the nearby Giddings and Pearsall fields that have produced over 5 Tcf of gas and 600 mmbbls oil. The Eagle Ford shale formation, which lies directly beneath the Austin Chalk, has become a significant regional resource play for which a number of large US and international

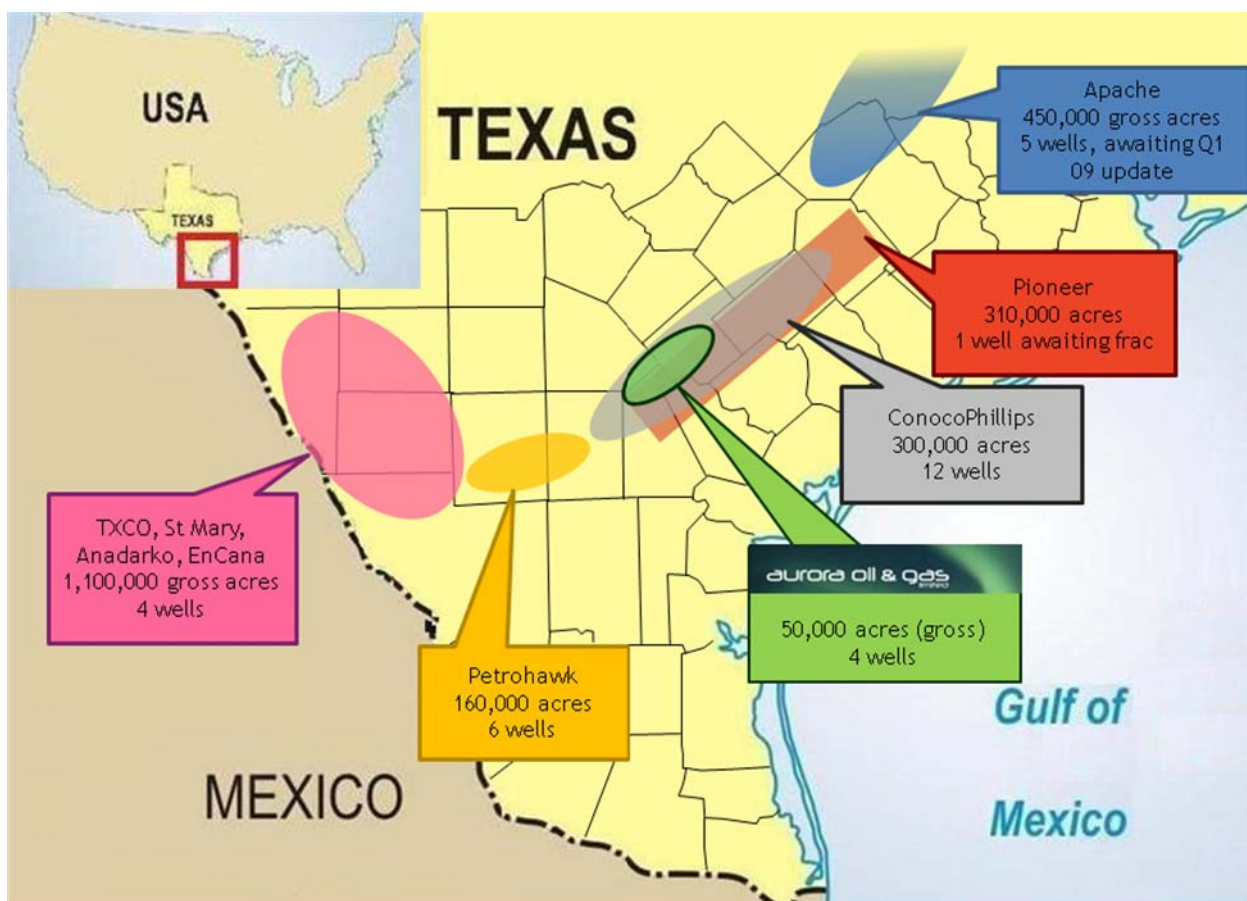
companies have acquired large land positions adjacent and proximate to Sugarkane. At Sugarkane the potential resource estimates for the Eagle Ford shale formation are even larger than those for the Austin Chalk.

Notably, the Sugarkane Field is over pressured, has a higher porosity and a higher condensate to gas ratio than the classic Austin Chalk fields and results released to date from regional drilling in the Eagle Ford.

Aurora holds interests in three separate project (AMI) areas within the Sugarkane Field with a combined gross land position in excess of 51,772 acres (20,282 acres net to Aurora before royalty interests):

- Sugarloaf Area (20%)
- Longhorn Area (50%)
- Ipanema Area (80%)

Regional Activity



The above map illustrates the disclosed positions of a number of major US oil and gas companies targeting in particular, the Eagle Ford shale. ConocoPhillips (NYSE:COP) has stated that their position totals about 300,000 acres and includes significant holdings adjacent to our interests to both the south east and north. They have also made reference to in effect being bookended in turn by Petrohawk Energy Corporation (NYSE:HK) to the southeast and Apache Corporation (NYSE:APA) to the north. Pioneer Natural Resources (NYSE:PXD) has much of the acreage to the

south and east while Anadarko Petroleum Corporation (NYSE:APA) is developing some 345,000 acres to the west and St. Mary Land & Exploration Company (NYSE:SM) is acquiring up to 210,000 net acres.

Despite difficult market conditions, both Petrohawk and ConocoPhillips, amongst others, are actively drilling in the region and a number of very encouraging results have recently been made public. Petrohawk suggests *“the Eagle Ford shale in this particular area is one of the highest quality shale reservoirs discovered to date in the United States.”* The results that we have reviewed to date and the information provided regarding initial flow rates, production decline curve, condensate levels, porosity, organic content, estimated in place resource per unit etc are not only excellent reference points for Sugarkane, but also give us confidence in terms of the relative quality of our acreage.

Within the Sugarkane Field ten exploration and appraisal wells have been drilled into the targeted Austin Chalk and/or Eagle Ford shale formations since discovery. Four of these wells are within Aurora’s area of interest and six wells have been drilled by ConocoPhillips adjacent to Aurora’s area of interest. There are presently two horizontal wells underway in the adjacent acreage. Very encouraging initial rates have been achieved. Three of the four wells within the Aurora area of interest are horizontal and are waiting on further completion and stimulation activities to establish optimised production.

(Data referencing activities in adjacent acreage has been sourced from publicly available information)

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.