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

By e-Lodgement

SUGARKANE GAS & CONDENSATE FIELD WORK PROGRAM

Aurora Oil & Gas ("Aurora") is pleased to announce that it has been advised by Texas Crude Energy Inc ("TCEI"), the operator of the Aurora gross acreage, that planning and initial preparatory work has commenced on the stimulation and completion program for the three existing horizontal wells within the Sugarloaf AMI. This work forms the first stage of the workscope required to be funded by Hilcorp Energy ("Hilcorp") to earn its interests in the field under the recently announced farmin.

The wells will be stimulated using a fracture design that is based upon recent operations within the Eagle Ford trend as well as taking account of the specific nature of the Sugarkane field. TCEI have advised that the major part of the work program is likely to start in November, subject to the availability of rigs and equipment. In preparation for the fracture stimulation operations, shallow water wells will be drilled and holding pits will be dug at each well location, this work has commenced at Weston #1H well.

Prior to November, a rig will be mobilized to the Kowalik #1H well location to attempt to pull the slotted liner which was originally deployed in the horizontal open hole of this well. If successful the rig will then run and cement a conventional liner and the well will be fracture stimulated in similar fashion to that planned for the other two horizontal wells. If the slotted liner is unable to be recovered, it is likely that an acid stimulation will be attempted on the well. This alternative treatment has been successfully applied locally within the Austin Chalk.

Furthermore, planning has commenced for a 2010 drilling program across the farmin area with 10 wells scheduled for next year. It is likely that the first wells drilled in this program will be within the Sugarloaf AMI. Under the terms of the Aurora farmout agreement there are interim milestones for the new wells across each AMI and all 7 new horizontal wells have to have started by mid 2011 for Hilcorp to qualify for its full interest.

Whilst this program of work remains subject to change, it does represent a significant acceleration of activity on Aurora acreage. Through this activity and the significant number of wells scheduled for drilling by competitor companies within the Eagle Ford regional play nearby to Aurora's acreage, we expect a continuing uplift in understanding and value of our asset.

Yours sincerely
AURORA OIL & GAS LIMITED

Jon Stewart
Executive Chairman

About the Sugarkane Gas and Condensate Field

Aurora has established a substantial landholding position within 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, discovered in 2006, is a unique Austin Chalk and Eagle Ford Shale reservoir that lies some 20km south of the main Texas Austin Chalk trend and directly on trend with the emerging Eagle Ford Shale play. The Sugarkane Field is over pressured, has a higher porosity and a high condensate to gas ratio contributing to its commercial value.

The Sugarkane Field covers an identified area exceeding 200,000 acres. Aurora has been allocated a total of 391 Bcf and 72 mmbbls of certified 2C contingent resources by Netherland, Sewell and Associates as a net position as at 1st September 2009.

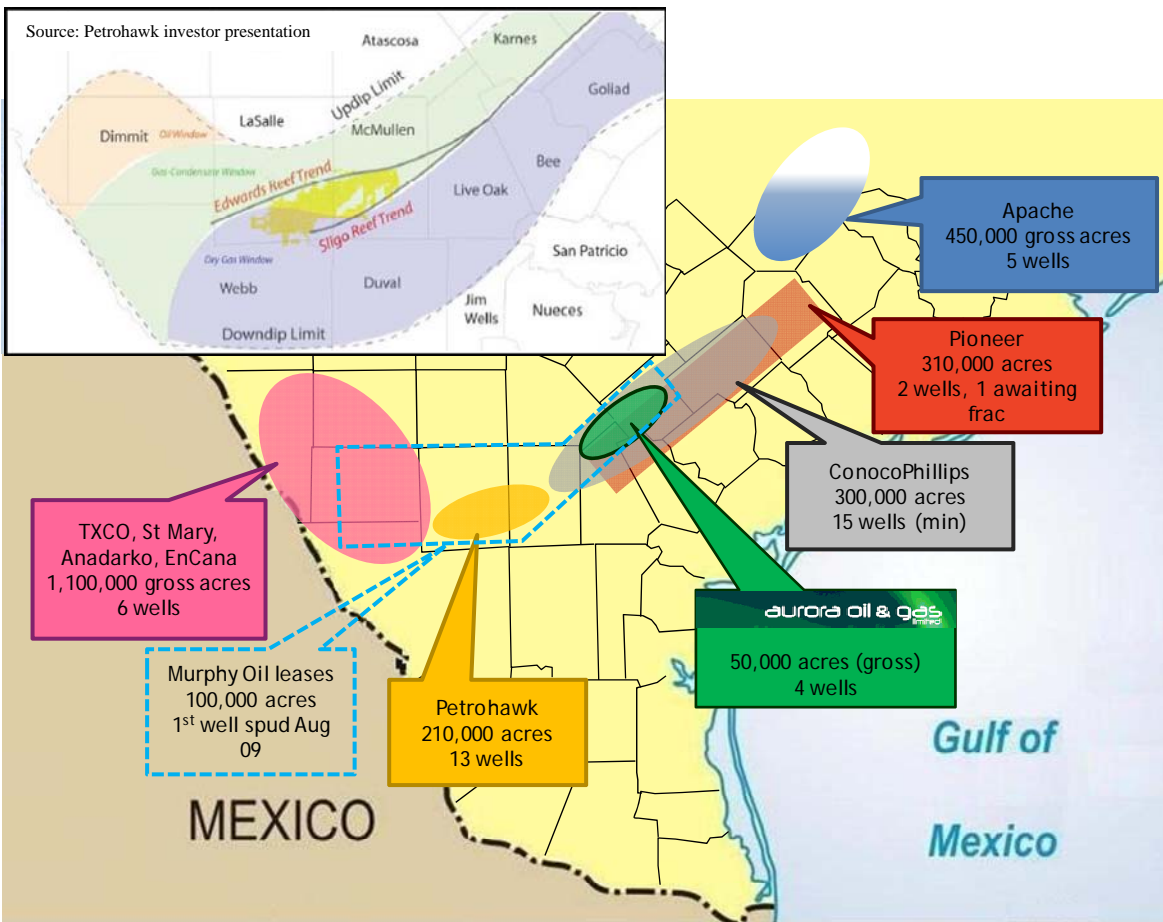
Prior to farmout Aurora holds interests in three separate project (AMI) areas within the Sugarkane Field with a combined gross land position of 51,791 acres (20,285 acres net to Aurora):

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

Fifteen exploration and appraisal wells have been drilled into the reservoir since discovery. Four of these wells are within Aurora's area of interest and eleven wells have been drilled by Conoco Phillips in an AMI adjacent to Aurora's area of interest.

Regional Activity

The map below illustrates the disclosed positions of a number of major US oil and gas companies who have made announcements regarding their participation in 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) with 210,000 acres 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) has acquired up to 225,000 net acres.



To date we estimate that there have been some 50 wells drilled within the regional Eagle Ford play and an analysis of recent announcements indicate that this figure will exceed 100 by the end of the calendar year. 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.

(Data referencing activities in adjacent acreage has been sourced from publically 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 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.