

30 October 2009

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

By e-Lodgement

Dear Sir/Madam

QUARTERLY REPORT FOR THE PERIOD ENDED 30 September 2009

OPERATIONS UPDATE

Aurora Oil & Gas ("Aurora") is pleased to provide the market with an update on each of the company's projects and in particular the Sugarkane Gas and Condensate field in South Texas which remains our focus.

Aurora Quarterly ASX report

During the reporting period:-

- Aurora announced the successful farmout of an interest in the Sugarkane field to Hilcorp Energy ("Hilcorp"), the 4th largest private E&P company by production in the USA in return for a substantial work program.
- Aurora announced that it had received a contingent resource statement for its Sugarkane interests from Netherland, Sewell and Associates with a total 2C figure across both the Eagle Ford and Austin Chalk of 391 Bcf gas and 72 mmbbls condensate prior to the farmout.
- Planning and preparation activity has commenced on the first phase of the Hilcorp farmin work program with operations underway at the three existing horizontal wells in preparation for stimulation which is scheduled for mid November.
- Regional Eagle Ford shale activity continues to ramp up with published results supporting the increasing profile of the play.

Sugarkane Gas and Condensate Field

Overview

Aurora presently holds over 20,000 net acres within the Sugarkane Gas and Condensate field and participates in over 50,000 acres which is divided into three Areas of Mutual Interest (AMIs). The Sugarkane reservoir is a regional pool, estimated at 200,000 acres, of naturally fractured Austin Chalk graduating down into a regional Eagle Ford shale trend. These two horizons form a continuous reservoir at Sugarkane which is overpressured and contains condensate rich gas.

There have now been 15 recent wells drilled into the Sugarkane Field and 8 further wells with modern logs help delineate the area. All 23 penetrations have encountered a correlatable section and where tested have produced a consistent hydrocarbon to surface. Production has continued from Kennedy #1H and Kowalik #1H although there has been no further field activity on Aurora acreage since February 2009, when the

Weston #1H well operations were concluded. During the quarter efforts were focused on the commercial negotiations leading to the recently announced farmout to Hilcorp.

The profile of the regional Eagle Ford shale trend continues to grow apace with further announcements of acreage acquisitions and drilling activity surrounding Aurora's acreage. Initial results continue to support the premise that the shale is one of the most economic within the USA.

Under the terms of the farmout, Aurora is free carried for the stimulation of the three existing wells and the drilling, completion and tie into production of a further 7 new wells. The farminee receives a preferential repayment of costs from the wells drilled where once satisfied, Aurora receives income based on its farmed down interest. During the farmout work program Aurora expects its funding obligations to be limited to land maintenance programs and under the terms of the farmout Aurora will contribute at its post farmout percentages.

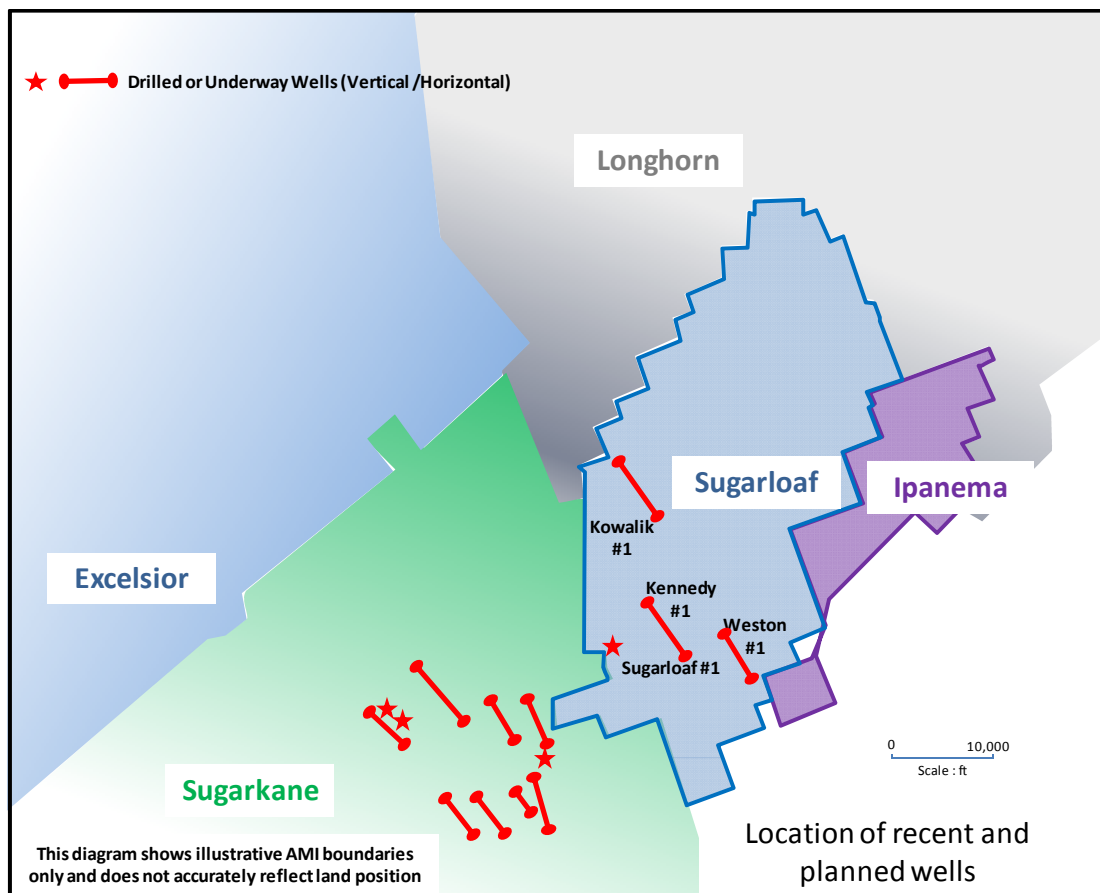
Sugarkane Field

The field was originally discovered by two vertical wells, one drilled within the Sugarloaf AMI, which encountered a consistent Austin Chalk section at approximately 11,000 ft true vertical depth ("TVD"). A regional study of historical wells drilled through this horizon with full log suites delineated out an area of 200,000 acres and Aurora elected to participate with Texas Crude Energy Inc ("TCEI") in the three AMIs and incrementally built up its land position to the following holdings.

	Gross Acreage	Net Acreage
Sugarloaf	23,498	4,780
Longhorn	23,763	11,881
Ipanema	4,530	3,624
Total	51,791	20,285

The latest geological model of the Sugarkane Gas and Condensate field consists of a localised pool of over-pressured Austin Chalk directly above a regionally extensive over pressured Eagle Ford organic shale. Gross reservoir thickness across the Sugarkane field is between 180 – 250 ft, which is controlled by at least 8 fully logged historical wells (plus a large number of wells with less than full log suites available) and 15 modern wells drilled in the last 4 years. It is also controlled by 2D seismic with partial coverage by a 3D seismic survey. Whilst a distinction has previously been made between the two horizons, they act as a single reservoir and have many similarities including lithology with calcareous (Chalk) interbedding being evident down through the Eagle Ford reservoir. Production from the Sugarkane Field has been fairly consistent across all of the recently producing wells. Gas being produced is very rich with 1,250 British Thermal Units per cubic feet of gas ("BTU/scf") and a very high condensate ratio of 100 – 300 barrels per million cubic feet of gas ("bbls/mmscf").

The map below shows the latest status of drilled wells across the Sugarkane field.



Sugarloaf AMI

During the reporting period, there were no operations undertaken within the AMI, other than continued production at limited rates from the Kennedy #1H and Kowalik #1H wells. Over the reporting quarter the following production volumes have been reported:-

- Kowalik: 10,345 mscf gas, 3,395 bbls condensate and 44 bbls water
- Kennedy: 2,053 mscf gas, 743 bbls condensate and 5 bbls water.

These production rates are from the unstimulated Kowalik #1H well and from the partially stimulated Kennedy #1H well. As shown in the above map there are three horizontal wells within the Sugarloaf AMI that require stimulation and these form the first phase of farmin operations for Hilcorp.

Farmout Program

On the 21st September Aurora announced the successful farmout of its interests within the Sugarkane field to Hilcorp Energy, the 4th largest private E & P company in the USA.

The key elements of this farmout for Aurora are as follows:-

- The farmin by an established and material company such as Hilcorp to the Sugarkane field is a significant endorsement of the multi Tcfe potential and value of this gas and condensate asset.

- Aurora will be free carried for the drilling, completion and tie in of up to 7 new horizontal wells and the stimulation of the three existing Sugarloaf horizontal wells; Kennedy #1H, Kowalik #1H and Weston #1H. This will establish a total of 10 wells on production across Aurora's acreage of which 6 will be within the Sugarloaf AMI, 3 in Longhorn and 1 in Ipanema. Under the terms of our farmout to TCEI this work program has a series of deadlines over the next 20 months.
- The Farminee will earn an interest in Aurora's acreage incrementally as each farmin activity is completed up to a maximum of 50% of Aurora's interest in Sugarloaf and Longhorn and 5/8ths of the smaller Ipanema AMI.
- Once drilled, the first well within each of the Longhorn and Ipanema AMIs will be considered as having met Aurora's obligation well commitments within those AMIs.
- Aurora believes that this additional activity within the Sugarkane Field, together with the considerable ongoing regional activity within the Eagle Ford Shale play will continue the process of demonstrating and establishing the considerable value of our holdings in the Sugarkane Field.

Having completed this transaction, preparation and planning activity has commenced immediately at the three existing Sugarloaf wells which will be stimulated. The fracture design being used requires considerable volumes of water and so dedicated water wells and holding pits are being prepared at each location. Each of the existing wells has been prepared for stimulation activities, this includes the installation of process equipment and pipelines at the Weston well site. At Kowalik #1H an attempt to pull the slotted liner proved problematic and the decision has been made to revert to alternative completion and stimulation plans that the Operator advises have been successfully applied in the Chalk elsewhere. Fracture stimulation operations are anticipated to commence in mid November. The first farmin new wells are expected to be drilled within the Sugarloaf area and are anticipated to commence in Q1 2010.

Under the terms of the farmout, Aurora contributes to ongoing lease maintenance activities on a post farmout basis. Lease management is a continuous process and is expected to represent Aurora's only application of its capital reserves to Sugarkane in the near future.

Netherland, Sewell & Associates Inc ("NSAI") resource report

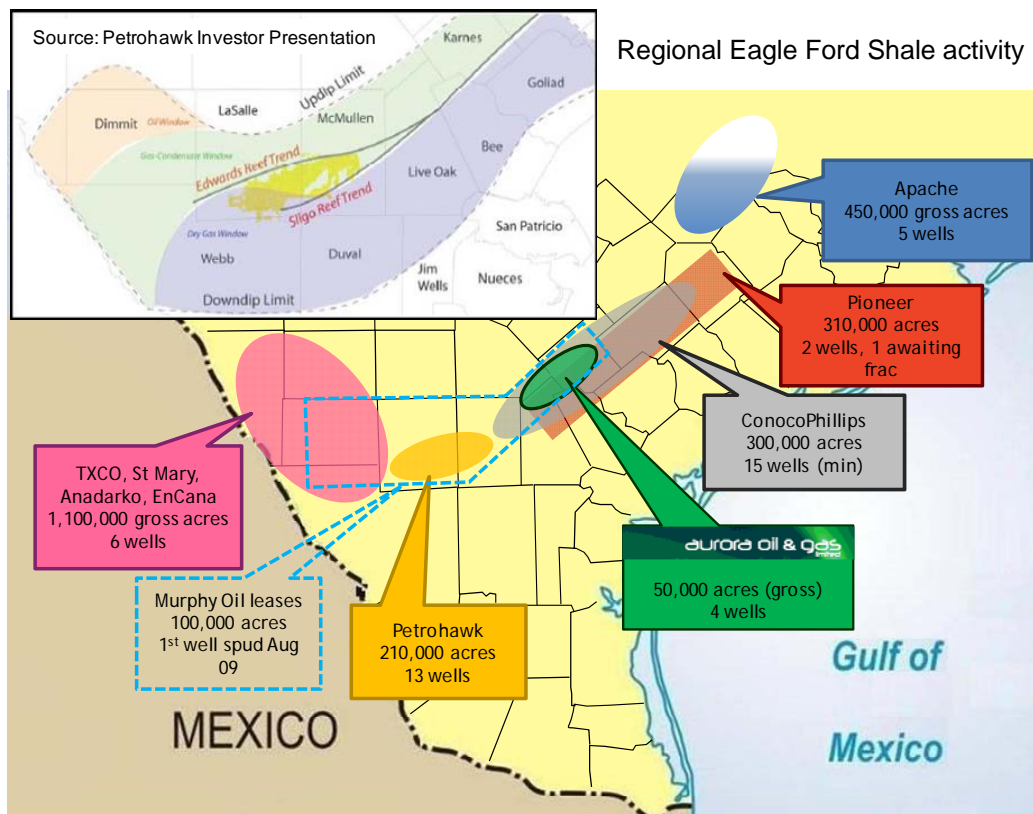
In July 2009 Aurora commissioned the Houston based team at Netherland, Sewell and Associates, Inc, the leading shale play certification authority in the USA, to carry out an independent technical review of the Sugarkane field. The results of the contingent resource report NSAI generated were provided to the market on 1st October 2009 and were updated slightly to the figures below in subsequent advisements.

Reservoir	Working Interest Contingent Resources					
	Gas (BCF)			Condensate (MMBBLs)		
	Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate
	(1C)	(2C)	(3C)	(1C)	(2C)	(3C)
Austin Chalk	81	148	277	14	27	54
Eagle Ford Shale	129	243	475	22	45	93

The figures in the above table are net recoverable estimates for Aurora, but are before royalty payments and before the farmout. The estimates have been prepared in accordance with the definitions and guidelines set forth in the 2007 Petroleum Resources Management System approved by the Society of Petroleum Engineers. The contingent resource estimates in the above table represent recoverable volumes with a confidence probability of 90%, 50% and 10% respectively for the low, best and high estimates. As contingent resources they have been sub-classified as 'development pending' because further appraisal activities are required to demonstrate viable economics, but NSAI conclude that 'Based on analogous field developments, it appears that the best estimate contingent resources in this report have a reasonable chance of being commercial.'

Regional activity

Over the last year drilling activity and leasing within South Texas has defined a regional trend which has become known as the Eagle Ford Shale play. As early as 2007 Aurora advised shareholders that at Sugarkane, in addition to the Austin Chalk reservoir there appeared to be a connected extension to that horizon that consisted of interbedded chalk and rich organic shale. Since companies began reporting their regional activity in Q4 2008, it has become clear that this extension is part of the Eagle Ford Shale play. The map below provides an update on recent activity.



The companies that have made such announcements include Petrohawk Energy Corporation (NYSE:HK), Murphy Oil Corporation (NYSE:MUR), Anadarko, Apache Corporation (NYSE:APA), TXCO Resources (Nasdaq:TXCO), St Mary's Land & Exploration Company (NYSE:SM), Pioneer Natural Resources (NYSE:PXD), EnCana Corporation (ECA:TO) and of course ConocoPhillips Company (NYSE:COP) who operate the adjacent acreage within the Sugarkane field and have reported holding 300,000 acres within the Eagle Ford trend.

Petrohawk continue to provide the most public information on their activity. Their most recent presentation dated 29/09/09 included further production information with the average initial production rate for their first 11 wells of 8.9 mmscfe/d at a 6 : 1 conversion of condensate or 10.5 mmscfe/d at a 15 : 1 conversion ratio.

Very recently pertinent announcements have been made relating to nearby Eagle Ford Shale wells which are located just outside the Sugarkane Field. Pioneer have released the results of the Sinor #5 well in Live Oak county which is some 18 miles southwest of the Sugarloaf #1 well (Source: Press release Oct 26 2009). The well has reported initial rates of 8.3 mmscf/d of gas and 500 bpd of condensate from a 2,600 ft horizontal section. ConocoPhillips has also provided the results of their Bordovsky #1H well as having initial production of 4 mmscf/d of gas and 1500 bpd of condensate. This well is 18 miles to the northeast of the

Sugarloaf #1 well and has exhibited a high condensate ratio which is comparable to that observed in Sugarloaf AML production to date (Source: Q3 Earnings conference call Oct 28 2009).

Flour Bluff - (AUT working interest 20% to 24.12%)

Production has continued at Flour Bluff over the quarter with a continued natural decline being observed. Production over the reporting period totaled 142.6 mmscf gas and 1,330 bbls of oil, at an average rate of 1.55 mmscf/d.

The acreage in this field is presently held by production and in the prevailing low commodity prices investment in this asset is not seen as a short term priority.

North Belridge

Aurora maintains its interest in the two horizontal wells that have been drilled thus far to ascertain a commercial design to access the considerable in place volumes of heavy oil and gas within this Monterey Shale formation. As has been reported previously the stimulations carried out on the wells have connected to a strong underlying aquifer that swamps the hydrocarbon shale production. An evolution in the well stimulation has been proposed but the JV requires further funding before this operation can take place.

West Black Lake

The Delores #1 well was shut in on 6th August as it was deemed uneconomic to continue production. From the 1st July until shut in the well had produced a total of 2.24 mmscf gas. The JV is presently exploring options for the field.

CORPORATE

QUARTERLY CASH FLOW REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2009

Please find attached the Company's Appendix 5B for the period to 30 September 2009.

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 2009

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	170	170
1.2 Payments for		
(a) exploration and evaluation	-	-
(b) development	-	-
(c) production	(181)	(181)
(d) administration	(974)	(974)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	33	33
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(952)	(952)
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)	(952)	(952)

1.13	Total operating and investing cash flows (brought forward)	(952)	(952)
	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	(49)	(49)
	Net financing cash flows	(49)	(49)
	Net increase (decrease) in cash held	(1,001)	(1,001)
1.20	Cash at beginning of quarter/year to date	10,873	10,873
1.21	Exchange rate adjustments to item 1.20	(322)	(322)
1.22	Cash at end of quarter	9,550	9,550

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	(181)
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

Directors' fees and consulting fees and serviced office rental. All payments are on 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

On 21 September 2009, Aurora announced the successful completion of the farmout of the consolidated acreage across the Sugarkane Gas and Condensate field, in which Aurora has an interest, by Texas Crude Energy Inc.
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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	11,459	3,724
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	477
4.2 Development	-
Total	477

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	3,403	1,716
5.2 Deposits at call	6,147	9,157
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	9,550	10,873

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	-	-	-
6.2	Interests in mining tenements acquired or increased	-	-	-

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	202,589,962	202,589,962	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	-	\$0.20	22 Feb 2010
Loan Options	2,875,000	-	\$0.20	14 Apr 2010
Director Options	1,000,000	-	\$0.30	14 Apr 2010
Consultant Options	1,833,000	-	\$0.20	14 Apr 2010
Note Conversion Options	4,285,714	-	\$0.25	14 Apr 2010
New Consultant Options	25,000	-	\$0.53	30 Sep 2010
New Consultant Options	2,000,000	-	Various	30 Sep 2010
Consultant Options	250,000	-	\$0.60	31 Dec 2011
Incentive Options	500,000	-	\$0.51	30 Mar 2011
Consultant Options	500,000	-	\$0.70	31 Dec 2011
	21,268,714			
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				
Incentive Options	-	-	-	-
7.10 Expired during quarter	-	-	-	-
7.11 Debentures (<i>totals only</i>)	-	-	-	-
7.12 Unsecured notes (<i>totals only</i>)	-	-	-	-

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.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



(Director/Company Secretary)

Date: 30 October 2009

Print name: Julie Foster