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Company Announcements Platform
Australian Stock Exchange
Level 4
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SYDNEY NSW 2000

By e-Lodgement

Further Success in Sugarkane Gas & Condensate Field - Sugarloaf AMI Production Update

Aurora Oil & Gas ("Aurora") is pleased to provide the market with the following initial production results from the recently stimulated Morgan #1H and Easley #1H wells located within the Sugarloaf AMI in the Sugarkane Gas & Condensate Field.

Morgan #1H

Following the successful fracture stimulation of approximately 4,400 ft of horizontal section as per the frac design, the Morgan #1H well was flowed back to sales commencing on 27th April 2010. The well production has now stabilized and the following Initial Production rate was achieved:

- **5.16 mmscf/d Gas & 2,046 bcpd or 31 mmscfe/d**

Easley #1H

Following the successful fracture stimulation of approximately 2,750 ft of horizontal section as per the frac design, the Easley #1H well was flowed back to sales commencing on 1st May 2010. The well production stabilized relatively quickly and the following Initial Production rate was achieved:

- **6.81 mmscf/d Gas & 780 bcpd or 17.9 mmscfe/d**

Whilst these initial rates are very encouraging, the following points should be noted:-

- These values are the maximum average rates achieved over consecutive 24 hour flowing periods since the wells were brought on line.
- The gas equivalent rates have been calculated using a 12:1 conversion ratio and a 25% uplift in the gas rate based on the observed high calorific value of the gas produced within the field to date.
- These are initial production rates observed during clean up and as such are not yet indicative of a short or long term production profile.
- The wells still have considerable fluids to recover from the fracture stimulation operations.
- The wells are currently producing through the production casing. A production tubing string will be installed in due course in each well.

ASX participants in the Sugarloaf AMI are:

Aurora (ASX:AUT) – 20% (pre-farmout)
Adelphi (ASX:ADI) – 20% (pre-farmout)
Eureka (ASX:EKA) – 12.5% (pre-farmout)

Aurora also participates as a 50% WI holder in a larger area made up of an additional ~ 27,000 acres within the Sugarkane Field adjacent to the Sugarloaf AMI. Aurora is the only listed participant in these areas where additional farmin activity is presently underway; please refer to earlier releases for more detail.

Aurora Executive Chairman Jon Stewart commented " We are very pleased to have two more highly productive wells successfully drilled in Aurora's Eagle Ford Shale acreage which are some of the highest combined gas and condensate production rates reported in the Eagle Ford trend to date. Our objectives in undertaking the farmout were to de-risk the appraisal stage of this project through a drilling program to establish a portfolio of producing wells and to introduce a quality large Operator capable of the efficient development of a substantial asset. We are very pleased on both of these fronts with the initial production results from the additional wells again being delivered at the high end of overall Eagle Ford trend. We look forward to providing additional strong news flow from operations as this carried work program continues."

Yours sincerely
AURORA OIL & GAS LIMITED

Jon Stewart
Executive Chairman

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.