

16th July 2010

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

By e-Lodgement

LONGHORN AMI PRODUCTION UPDATE

Aurora Oil & Gas Limited (“Aurora”) provides the following update on operations at the Longhorn Area of Mutual Interest (“AMI”) within the Sugarkane Gas & Condensate Field, Texas.

Turnbull #2H

Following completion of drilling operations at the Turnbull #3 well, production to sales commenced at the Turnbull #2 well on 3rd July 2010. The well was produced at a highly restricted rate for 6 days before being shut in. During that time the maximum rate observed over a 24 hours period was:-

	Gas Production Rate (mmscf/d)	Condensate Production Rate (bbls/d)	Average Daily Equivalent Gas Rate (mmscfe/d)*
Turnbull #2H	1.12	526	7.71

* The equivalent gas rates have been calculated to reflect value using a 12:1 conversion ratio for condensate and a 25% uplift on gas equivalent volumes due to the high calorific value of the produced gas.

Production will resume shortly at Turnbull #2 and whilst the above rate is in line with expectation, given the choke setting, an updated Initial Production rate will be provided then. We continue to encourage shareholders to focus on production averages over longer periods, rather than Initial Production rates, due to the variation in production management regimes being utilized from well to well within Sugarkane.

A common feature of the early production from new wells in the field has been initial Hydrogen Sulphide (“H₂S”) readings in the range of 100 – 200 ppm, this is believed to be caused by an interaction between the acid pumped as part of the fracture stimulation and the mineral content within the reservoir. The H₂S concentrations have typically quickly dropped to lower levels and are thereafter managed with a chemical scavenger agent. At Turnbull #2, the H₂S readings have been higher and have lasted longer than usual. The Operator, in accordance with good industry practice, elected to shut the well in and put in place additional measures for this well. This is not an unusual occurrence in fields in this area.

Aurora is the sole ASX participant in the Longhorn AMI, which consists of 25,800 acres in which it has a 50% working interest, which will reduce to a 25% working interest following the completion of the full Longhorn farmin work scope of three new horizontal wells which are to be drilled, completed and tied into production.

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.