

28 April 2006

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

By e-Lodgement

Dear Sir/Madam

QUARTERLY REPORT FOR THE PERIOD ENDED 31 MARCH 2006

HIGHLIGHTS

Operating

Sugarloaf Prospect (20% Working Interest) Texas, USA

During the quarter, Aurora Oil & Gas Limited (ASX:AUT, "Company", "Aurora") completed the acquisition of an additional 7.50% working interest (5.75% NRI) in the Sugarloaf Prospect taking its total working interest to 20%.

We are pleased to advise that the Operator has advised that a suitable rig has been secured to commence drilling operations at Sugarloaf during July 2006. The proposed well will primarily test the very large structure in the Hosston Formation but will also test several shallower horizons with highly attractive potential.

Flour Bluff Gas Development Project (20 to 24.167% interest) Texas, USA.

Further development drilling of the Company's significant reserve base at Flour Bluff near Corpus Christie, Texas has been temporarily delayed as a result of rig availability. The Operator has advised that they expect to commence the planned Stage 2 Development Program in the September quarter 2006. This Project is currently in production and at the present time is producing approximately 5 million cubic feet of gas equivalent per day ("MMCFDe").

West Black Lake Gas Development Project (20.15% interest in 5 Well Program) Texas, USA

The first well in a planned initial five well program at West Black Lake is expected to spud in late May / early June 2006 according to the Operator. This drilling program is directed at the development of approximately 30 BCF of reserves with estimated initial production rates of approximately 15 MMCFD from this program.

UNITED STATES STRATEGY

The strategic focus of Aurora Oil & Gas Limited (ASX:AUT, "Company") continues to be the development of its oil and gas interests in the US - particularly gas.

The Company's interest in the **Flour Bluff** Gas Development Project in Texas has provided the opportunity for immediate production and early cash flow while the location of the Project and its existing infrastructure provides access to the high-value US domestic spot gas market. .

Aurora has been able to build on the success of this project by securing the opportunity to participate in two further onshore projects in Texas: **West Black Lake**, a new gas discovery, which has the potential to host 600 BCF of gas; and, **Sugarloaf**, a major un-drilled structure which has the potential to hold several Trillion Cubic feet ("TCF") of gas.

We consider that our existing portfolio in the US offers significant growth potential for our Company. Our focus in 2006 is towards the development of our significant gas reserves at Flour Bluff and West Black Lake. The drilling of the deep exploration well at Sugarloaf, now scheduled to commence in July will be of considerable interest and offers enormous upside potential at reasonable cost. Ultimately the number of wells that we will be able to drill this calendar year will be impacted by rig availability. We have up to 10 development wells and the Sugarloaf exploration well scheduled but in the current active environment for drilling several of these wells may be drilled in 2007.

In terms of new projects, we remain particularly interested in advanced exploration opportunities with size potential, successful testing of which can develop quickly from discovery to production.

FLOUR BLUFF GAS PROJECT, GULF COAST, TEXAS (AUT Working Interest 20 to 24.1667%)

The Flour Bluff Gas Project is a substantial gas project involving the redevelopment of an old giant gas field complex at Flour Bluff, on the outskirts of Corpus Christi, Gulf Coast Texas on 10,400 acres of leasehold land. This field has seen in excess of 1.3 TCF of production from 40 separate reservoirs at shallow and moderate depths above 2,400 metres. These shallow reservoirs are now largely depleted, but significant reserves are present in virtually undeveloped deeper reservoirs between 2,750 to 3,600 metres depth. It is these reserves that are being targeted in the redevelopment of Flour Bluff. Existing extensive project infrastructure can be used for immediate delivery of production to customers.

Aurora Oil & Gas' interests in the various fields comprising the project are now;

West Flour Bluff Gas Field	20.0000%
Pita Island Gas Field	20.0000%
East Flour Bluff Gas Field	24.1667%

Reserve Position

Revised independent reserve estimates for the project were detailed in earlier announcements with 3P (Proved, Probable, Possible) reserves of 99 BCFe gas (of which 53 BCFe is 1P) with further additional potential of up to 113 BCFe gas. Overall 53% of independently estimated 3P reserves are now in the Proved category as against 29% a year ago.

Production

Flour Bluff field production at the end of the quarter was approximately 5 MMCFDe,.

Aurora's share of gross production from Flour Bluff (before royalties and production taxes) has decreased slightly from a monthly average of 23,862 million British thermal units ("MMBtu") over the quarter to 31 December 2005 to a monthly average of 20,341 MMBtu in the quarter to 31 March. (Note: one MMBtu is equivalent to slightly less than one MCF of gas from Flour Bluff). This is due to interruptions to production during recompletion work.

Field Development Program

Phase 2 Development is ready to commence and is focused on the deep Frio J and K sands in both East and West Flour Bluff Gas Fields. It is in these sands that the bulk of reserves lie in the fields. Rig availability issues have delayed commencement of Phase 2 drilling and the Operator has advised a likely start date to be in the third quarter.

Subject to rig availability, the Development Plan provides for the drilling of 8 new wells in the next 18 -24 months with a consequent significant increase in production. Four new wells are scheduled on the West Flour Bluff Gas Field and are essentially step outs from BG Webb #1 targeting Frio J and K sands. Four new wells on the East Flour Bluff Gas Field have different targets, two being essentially step outs from D-24 targeting Frio J sands with the other two following up promising indications of remaining shallow potential from gas logs and wireline logs of D-24.

The Phase 2 program is within the 3P (Proved, Probable, Possible) reserve envelopes for both fields. Expected individual well reserve outcomes range from 4 to 7 BCFe. Success on the program will see an upward movement of Possible and Probable reserve categories into Proved and those in Proved Undeveloped into Proved Producing and Proved Behind Pipe. The total 3P recoverable well reserve targeted in the Phase 2 program is 40.9 BCFe (36.5 BCF and 723,700 barrels of oil).

WEST BLACK LAKE PROSPECT, GULF COAST, TEXAS (AUT Working Interest 20.15%)

West Black Lake is a new gas discovery in the Cretaceous age back reef limestone trend in the on-shore Gulf Coast region of the USA. West Black Lake was defined using proprietary seismic inversion technology, which had been used to locate a number of successful development wells on an adjacent 500 BCF back reef trend gas field. The proprietary seismic technology defines porous zones (porosity and thickness of porous zone) within the normally tight Cretaceous limestone formation. The seismic porosity has been calibrated against core and well log measurements. Recoverable reserves per well estimated using the 3-D seismic porosity and thickness measurement at the adjacent gas field have an 88% correlation to actual well ultimate production.

The Operator expects the same level of predictability in the West Black Lake project area. The seismic technology is expected to provide a high degree of confidence in locating development wells and in predicting recoverable reserves and initial flow rate for each well.

At West Black Lake, Aurora has the opportunity to earn a 20.15% interest in five wells (15.1125% Net Revenue Interest) through the funding of a 40.3 % interest in each well until individual well payback (on an accelerated basis). The Operator's estimate of potential recoverable reserves from the initial five development wells is approximately 30 BCF.

The Operator has advised that the first well in this program is scheduled to spud in late May – early June 2006. The first West Black Lake well has a proposed Total Depth of approximately 4,200 m (14,000 feet) and Aurora's share of costs is estimated to be approximately US\$1.2 million completed for production. The well is planned to be drilled vertical and completed for production by standard acid (or proppant) fracture stimulation. A typical production rate for completions in the Cretaceous limestones is about 3.5MMCFD from the zone after frac.

A short pipeline will be required to connect West Black Lake production to a nearby facility to process the gas. Additionally a new 3D seismic acquisition survey is being planned to define further reserves and drilling locations.

Following the completion of the initial five well development drilling program, Aurora has the option to acquire a 10% working interest in the balance of the Project for the payment of US\$1 million and to participate on a 1:1 basis thereafter in respect of that interest. (Aurora would maintain its 20.15% interest in the initial five wells). The Operator estimates total potential reserves of approximately 600BCF for the Project. Assuming successful definition and development of an approximately 600 BCF field, peak field production could reach approximately 160 MMCFD.

SUGARLOAF PROSPECT , GULF COAST, TEXAS (AUT Working Interest 12.5%)

The Sugarloaf Prospect is a world class exploration prospect and has the potential to host several TCF of gas. It is a robust four-way dip closure covering about 80 square kilometres at 5,200m depth, which makes it one of the largest undrilled structures in the onshore US. The primary target reservoirs are thick sands of the Cretaceous age Hosston Formation which are major producers elsewhere in the Gulf Coast region. Mean potential reserves at Sugarloaf are estimated to be approximately 800 BCF of gas. However, given the large size of the prospect area, there is upside potential of several TCF if geological factors such as porosity, net sandstone and permeability combine favourably.

The Operator has now confirmed the scheduling of a suitable rig for July 2006 to drill a deep exploration well to test Sugarloaf. Drilling time is expected to be approximately 75 days.

The Operator plans to drill the Sugarloaf #1 well to a maximum of 21,000' total vertical depth to test the Hosston Formation. In addition to the deep objectives below 17000', there is shallow potential from the Wilcox, Austin Chalk, Edwards and Sligo Formations. For targets shallower than the Sligo Formation, lease rights are covered over approximately 30% of the Prospect. The Sugarloaf #1 well is to be drilled in an area where Aurora has rights to all depths.

Aurora's net dry hole cost exposure is expected to be in the region of A\$1.9 million. If successful, well completion costs are expected to be in the order of US\$2.3 million (Aurora share US\$565,800) and given the existing nearby pipeline infrastructure, any commercial quantities of gas should be able to be sold within a very short time frame into the strong US gas market.

INDICATIVE FORWARD DRILLING PROGRAM

The availability of drilling rigs in the Louisiana Texas Gulf Coast Region remains very tight and accurately forecasting the likely start date of wells is difficult. Following is our current best estimate of forthcoming drilling activity.

Well	Expected Date (Calendar Quarters)	Activity	Field	Aurora WI
R - Loc 2	Q2/06	Development Well	WBL	20.15%
SUG - 1	Q3/06	Exploration Well	Sugarloaf	20%
FB - 1	Q3/06	Development Well	FB	20%
FB - 2	Q4/06	Development Well	FB	20%

QUARTERLY CASH FLOW REPORT FOR THE PERIOD ENDED 31 MARCH 2006

Please find attached the Company's Appendix 5B for the period to 31 March 2006.

Yours sincerely
AURORA OIL & GAS

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.

Information contained in this report was compiled from information provided by Texas Crude Energy Inc and reviewed by P D Allchurch, BSc, FAIMM, MPESA, who has had 35 years experience in the practice of geology and more than 5 years experience in petroleum geology.

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")

31 March 2006

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	648	1,070
1.2 Payments for		
(a) exploration and evaluation	(1,096)	(1,398)
(b) development	(63)	(290)
(c) production	(359)	(359)
(d) administration	(173)	(646)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	101	193
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(942)	(1,430)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	(4,753)
(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	-	(4,753)
1.13 Total operating and investing cash flows (carried forward)	(942)	(6,183)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(942)	(6,183)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	92	10,461
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		
	Issue Costs	(10)	(602)
	Net financing cash flows	82	9,859
	Net increase (decrease) in cash held	(860)	3,676
1.20	Cash at beginning of quarter/year to date	7,613	3,077
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	6,753	6,753

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	(132)
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

Payments include:

Directors' fees, consulting fees, legal fees, serviced office and company secretarial costs. All payments are on normal 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

N/A

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

+ See chapter 19 for defined terms.

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	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,900
4.2 Development	1,800
Total	3,700

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	1,285	7,613
5.2 Deposits at call	5,468	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	6,753	7,613

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	N/A	-	-	-
6.2 Interests in mining tenements acquired or increased	Sugarloaf	Working Interest (private mineral)	12.5%	20.00%

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

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	114,366,800	114,366,800	Various	Fully Paid
7.4 Changes during quarter				
(a) Increases through issues	-	-	-	-
(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	3,680,000	-	\$0.20	28 Apr 2010
Director Options	1,000,000	-	\$0.30	28 Apr 2010
Consultant Options	2,500,000	-	\$0.30	28 Apr 2010
Note Conversion Options	4,365,079	-	\$0.25	28 Apr 2010
Performance Options	2,700,000	-	\$0.20	22 Feb 2008
Incentive Options	500,000	-	\$0.51	30 Mar 2011
	22,745,079			
7.8 Issued during quarter				
Incentive Options	500,000	-	\$0.51	30 Mar 2011
(i) 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				
Loan Options	460,000	-	\$0.20	28 Apr 2010
7.10 Expired during quarter	-	-	-	-
7.11 Debentures <i>(totals only)</i>	-	-	-	-
7.12 Unsecured notes <i>(totals only)</i>	-	-	-	-

+ See chapter 19 for defined terms.

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](#) (see note 4).

- 2 This statement does ~~/does not*~~ (*delete one*) give a true and fair view of the matters disclosed.

Sign here: Date: 28 April 2006
(~~Director~~/Company secretary)

Print name: ALEX NEULING

+ See chapter 19 for defined terms.