

26 July 2005

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 30 JUNE 2005

HIGHLIGHTS

Operating:

- Acquisition of additional interest in East Flour Bluff field taking the Company's Working Interest ("WI") from 12.5% to 16.67%
- Successful completion of the first well on the West Flour Bluff field (BG Webb-1) which started production on the 24 June 2005 at 1.7 million cubic feet per day. Production is expected to increase following fracture stimulation to take place towards the end of July.
- Successful drilling of the second well of a three well initial development program. The well EFB D-24, is located on the East Flour Bluff field and is presently being completed for gas production.
- Drilling of the third well in the program EFB E-10, commenced in July. This well is also located on the East Flour Bluff field.

Corporate:

- Approval at AGM on the 4th of April of a change in activities, consolidation of capital, conversion of convertible notes, change of name, appointment of Gren Schoch as a director and the sale of Allendale Enterprises Pty Ltd.
- Relisting of the Company as Aurora Oil & Gas Limited on 28 April 2005 having successfully raised \$4 million via the issue of 12.5 million shares at \$0.32 each.

CORPORATE

As a result of the passing of a number of resolutions by shareholders on 4 April 2005, the Company disposed of its then remaining interest in a suit hire business leaving it as an oil and gas exploration and production company only. Pursuant to the resolutions passed at this meeting, the name of the Company was changed to Aurora Oil & Gas Limited from Tony Barlow Australia

Limited and the capital of the Company was consolidated on the basis of one new share for every five issued fully paid shares.

The securities of the Company were suspended on 1 April 2005 pending shareholder approval of a change in activities as referred to above. The Company fulfilled the various requirements of the ASX listing rules and was readmitted to official quotation on Thursday 28 April 2005.

Aurora Oil & Gas completed a placement of 12.5 million new shares at a price of \$0.32 each during April 2005 raising \$4 million to be applied to development activities at its US Properties and in pursuing new international oil and gas opportunities.

The Company currently has on issue a total of approximately 89 million ordinary fully paid shares and 23 million unlisted options to acquire ordinary shares exercisable at prices between \$0.20 and \$0.30 per share.

UNITED STATES OF AMERICA

Strategically, the Company views the US, particularly the Gulf coast area, as a prime location in which to build a profitable oil and gas production and reserve base. The US is the world's largest energy producer, consumer, and net importer. It has about 22 billion barrels of proved oil reserves, the 11th highest in the world, and proven natural gas reserves of 187 trillion cubic feet, the sixth largest in the world.

More than 80% of US oil reserves are concentrated in Texas, Louisiana, Alaska and California. About 40% of US energy demand is met by oil.

In 2004, the US consumed more than 22 trillion cubic feet of gas, providing about a quarter of all US energy. Statistics released by the US Department of Energy on July 12th 2005 have forecast this demand to grow further, while production figures for 2005 and 2006 are expected to remain near the 2004 level despite an expected 12 percent annual average increase in natural gas directed well completions.

Notwithstanding that oil is priced at prevailing world prices, gas prices are at present up to three to four times flat Australian prices (US\$6-8 compared with \$US2.00-2.25).

FLOUR BLUFF GAS PROJECT **GULF COAST, TEXAS (12.5% - 16.67% WI)**

During the June 2005 Quarter, the Company's US subsidiary Corpus Christi Gas LP continued its participation in the redevelopment of the Flour Bluff Gas Field, an old South Texas giant gas field, which has produced about one trillion cubic feet of gas with associated condensate since it was discovered in 1934. Production was predominantly from shallow reservoirs between 1,980 metres and 2,600 metres which are now largely depleted.

The Flour Bluff Development Project aims to develop two sets of known but virtually undeveloped deeper reservoirs between 2,750 metres and 3,600 metres. The Flour Bluff field remains the only South Texas giant field which has not been deepened and redeveloped in this way.

This is a substantial project with total estimated recoverable reserve potential of approximately 170 BCF (billion cubic feet) of gas with associated condensate. This total includes 90.7 BCF of 3P (Proved plus Probable plus Possible) recoverable gas reserves estimated by independent consultants and 79.3 BCF of additional gas reserve potential estimated by the project operator.

The objectives of the project are to develop the established 3P gas reserves and to attempt to prove up and where successful, develop and bring to production the large additional gas reserve potential.

DEVELOPMENT PROJECTS UPDATE

WEST FLOUR BLUFF GAS FIELD PROGRAM (12.5% WI) **BG Webb -1**

The first well of the development program, BG Webb-1, was drilled during the quarter and reached a total depth of 4,117 metres on schedule.

Logging and testing defined several gas pay zones in the J sands and a new zone which has not been produced before, in the deeper K-15 Sand. For engineering reasons the deeper K-15 sand was completed for production while the J sands remain "behind pipe" for completion and production at a later date. The field operator considers that the well has confirmed 3P reserves of 104 BCF of gas, to the base of the K15 reservoir in the West Flour Bluff field. This comfortably exceeds the independently assessed pre-drill estimate of 83 BCF of gas for this part of the field.

Following the successful conclusion of completion operations, production commenced from this well on 29 June 2006 at an initial flow rate of 1.7 million cubic feet per day. In late July it is scheduled that the well will be temporarily taken offline to fracture stimulate the K-15 reservoir with the objective of increasing the production rate.



Drilling Webb-1 Well



EAST FLOUR BLUFF GAS FIELD PROGRAM (16.67% WI)

During the quarter the Company increased its interest in the East Flour Bluff Gas Field from 12.5% to 16.67%.

The field is a down faulted, four way dip closure, lying east of and adjacent to the West Flour Bluff Gas Field under a shallow sea lagoon (Laguna Madre). East Flour Bluff has independently estimated 3P (Proved plus Probable plus Possible) recoverable gas reserves of 23.8 BCF. The operator estimates there is additional potential for 44 BCF, giving a total of 3P plus additional potential of 67.8 BCF.

The two wells in the program, EFB D-24 (now undergoing completion operations) and E-10 (spudded July 14), are being drilled from the same pad on an existing production and drilling peninsular built out into the lagoon. Both are directional wells into the structure. They both start vertically and from 305 meters depth will be drilled directionally to reach a maximum angle of 32 or 26 degrees where they will be brought back to vertical to drill through the target reservoirs. The target reservoirs are drilled vertically to ensure any subsequent fracture stimulation of gas pay has maximum effect on gas flow.

Production and Drilling Peninsular, Flour Bluff

EFB D-24

The second well in the Flour Bluff Gas Project development program reached a total depth of 3,345 metres total vertical depth (3,688 metres measured depth) on 13 June after intersecting multiple gas sand targets, principally Frio J and K 9 series sands.

A work-over rig is currently completing the well for gas production from up to three of the Frio J sands.

The well has also indicated potential for additional gas in several shallow zones in the upper Frio Formation. These will be further evaluated in another phase of drilling.

EFB E-10

The third well in the development program is designed to test the shallow “massives” production sands for commercial gas in areas of the structure where significant gas reserves (estimated potential for 36 BCF) may remain to be extracted due to insufficient extraction wells. This has arisen because early drilling was vertical and confined to a limited number of drilling peninsulars built out into the lagoon. EFB-10 is being drilled using modern directional drilling methods to reach a potentially un-drained block.

The well spudded on 14 July 2005.

The recompletion / workover program for three further existing wells (EFB D-17, D-19 and D-19F) is currently scheduled to be carried out on completion of EFB E-10.

Indicative Forward Drilling & Development Program

The following activity is anticipated during the forthcoming quarters:

Well	Activity	Field	Aurora WI
BG Webb#1	Fracture Stimulation	Flour Bluff	12.5%
D-24	Multiple Completion	East Flour Bluff	16.67%
E-10	Evaluation Drilling, Testing	East Flour Bluff	16.67%
D-17	Well Workover	East Flour Bluff	16.67%
D-19 D	Well Workover	East Flour Bluff	16.67%
D-19 F	Well Workover	East Flour Bluff	16.67%

Production & Revenue

Total production from the Flour Bluff field has averaged around 1.9 million cubic feet of gas per day for the quarter to 30 June 2005, however this figure includes only 5 days of production from BG Webb -1 which commenced production on 24 June.

The Company has received monthly cheques ranging between US\$31,000 and US\$40,000 from the Operator for their share of net revenues from the project to date.

Quarterly Cashflow Report for the Period Ended 30 June 2005

Please find attached the Company's Appendix 5B for the period to 30 June 2005.

Yours sincerely
AURORA OIL & GAS LIMITED

Jonathan 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 in relation to reserves 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")

30 June 2005

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	154	154
1.2 Payments for		
(a) exploration and evaluation	(951)	(1,732)
(b) development	(328)	(628)
(c) production	-	-
(d) administration	(249)	(1,234)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	39	70
1.5 Interest and other costs of finance paid	-	(60)
1.6 Income taxes paid	-	-
1.7 Other		
Receipts from customers – discontinued operations	-	619
Settlement of creditors from administration	-	(150)
Net Operating Cash Flows	(1,335)	(2,961)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	(678)	(3,969)
(b) equity investments	-	(10)
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	90	90
(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	(588)	(3,889)
1.13 Total operating and investing cash flows (carried forward)	(1,923)	(6,850)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,923)	(6,850)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	4,000	5,008
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	6,450
1.17	Repayment of borrowings	-	(2,202)
1.18	Dividends paid	-	-
1.19	Other		
	Issue Costs	(347)	(399)
	Net financing cash flows	3,653	8,857
	Net increase (decrease) in cash held	1,730	2,007
1.20	Cash at beginning of quarter/year to date	1,348	1,071
1.21	Exchange rate adjustments to item 1.20	-	
1.22	Cash at end of quarter	3,078	3,078

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	(153)
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

Included within the above payments are legal fees paid on normal commercial terms to Blakiston & Crabb, a law firm of which Mr Michael Blakiston (a director) is a partner.

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

Following approval by members at a general meeting on 4 April 2005, 13,095,238 convertible notes were converted into 13,095,238 ordinary shares and 4,365,079 free attaching options.

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

+ 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	-
4.2 Development	500
Total	500

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	3,078	1,348
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	3,078	1,348

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	East Flour Bluff field, Flour Bluff Gas Project, Texas, USA	12.5%	16.67%

+ 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	88,795,133	88,795,133	Various	Fully Paid
7.4 Changes during quarter				
(a) Increases through issues	25,595,238	25,595,148	Various	Fully Paid
(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	(13,095,238)	-	-	-
7.7 Options (i)			<i>Exercise price</i>	<i>Expiry date</i>
Consolidation Options	8,000,000	-	\$0.20	22 Feb 2010
Loan Options	4,140,000	-	\$0.20	28 April 2010
Director Options	1,000,000	-	\$0.30	28 April 2010
Consultant Options (ii)	2,500,000	-	\$0.30	28 April 2010
Note Conversion Options	4,365,079	-	\$0.25	28 April 2010
Performance Options (ii)	2,700,000	-	\$0.20	22 Feb 2008
	22,705,079	-		
7.8 Issued during quarter				
Loan Options	4,140,000	-	\$0.20	28 April 2010
Director Options	1,000,000	-	\$0.30	28 April 2010
Consultant Options (ii)	2,500,000	-	\$0.30	28 April 2010
Note Conversion Options	4,365,079	-	\$0.25	28 April 2010
(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.				
(ii) These options are subject to vesting conditions as more fully described in the Prospectus dated 5 April 2005.				
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	-	-	-	-
7.11 Debentures <i>(totals only)</i>	-	-		

+ See chapter 19 for defined terms.

