

13<sup>th</sup> September 2010

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

**By e-Lodgement**

**COMPANY PRESENTATION MATERIAL**

Please find attached to this document a copy of the presentation slides to be used by Aurora Oil & Gas Limited in an Institutional Roadshow in conjunction with Euroz Securities this week.

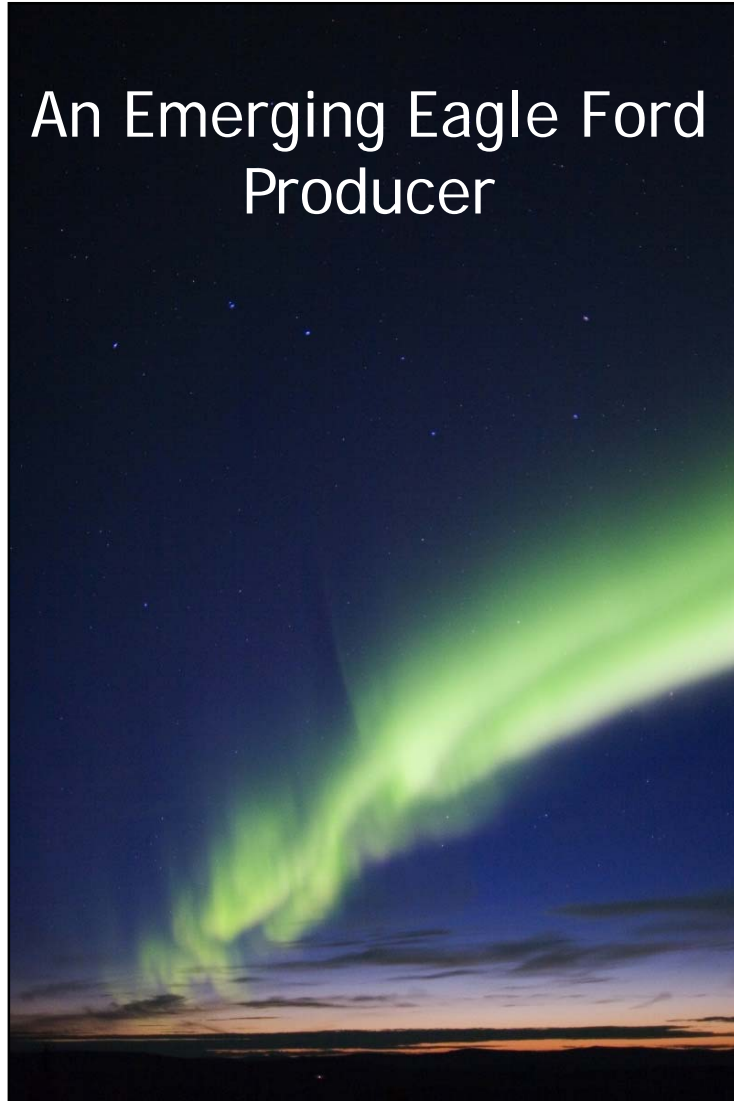
For Aurora Oil & Gas Limited

Julie Foster  
Company Secretary

*(Data referencing activities in adjacent acreage has been sourced from publically available information)*

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.

## An Emerging Eagle Ford Producer



13 September, 2010

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## Drilling down.....

- Simple growth model based on a well funded balance sheet applied to repeatable operations across acreage position-
  - Superior performing acreage
  - Quality Operator
- Pure investment in to the liquids rich Eagle Ford shale onshore Texas
- ~80% of forecast revenues from oil and condensate production
- High growth in production and profitability achievable for many years from existing assets



## Company Profile - (ASX:AUT)

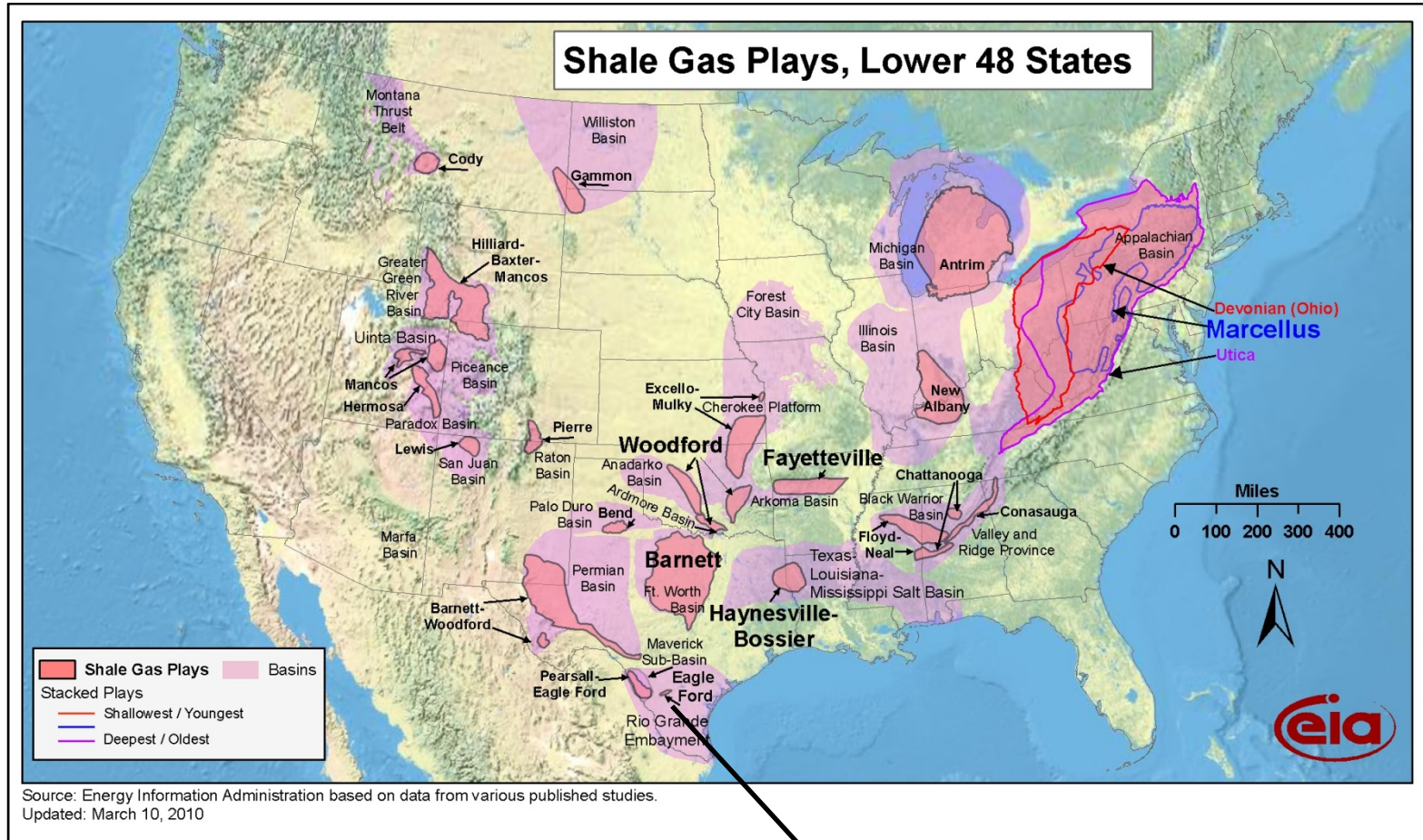
- 276m ordinary shares currently on issue - 283m fully diluted
- Current cash US\$38m - nil debt
- Management & Board - approx. 10% owners
- Focussed onshore USA in south east Texas Eagle Ford shale / Austin Chalk - **Sugarkane Gas & Condensate Field**
- Participate in approx 54,000 acres within Sugarkane Field adjacent to and nearby numerous major companies in the Eagle Ford trend
- Low risk development assets with a drilling inventory in excess of 650 well locations and very significant production growth profile
- Active drilling program delivering best in trend results
- Maiden Independent Reserves Report - **33.2 million barrels + 138 BCF** with **NPV(10) of US\$986m (3P)** before corporate tax

## Sugarkane Gas & Condensate Field - Eagle Ford & Austin Chalk

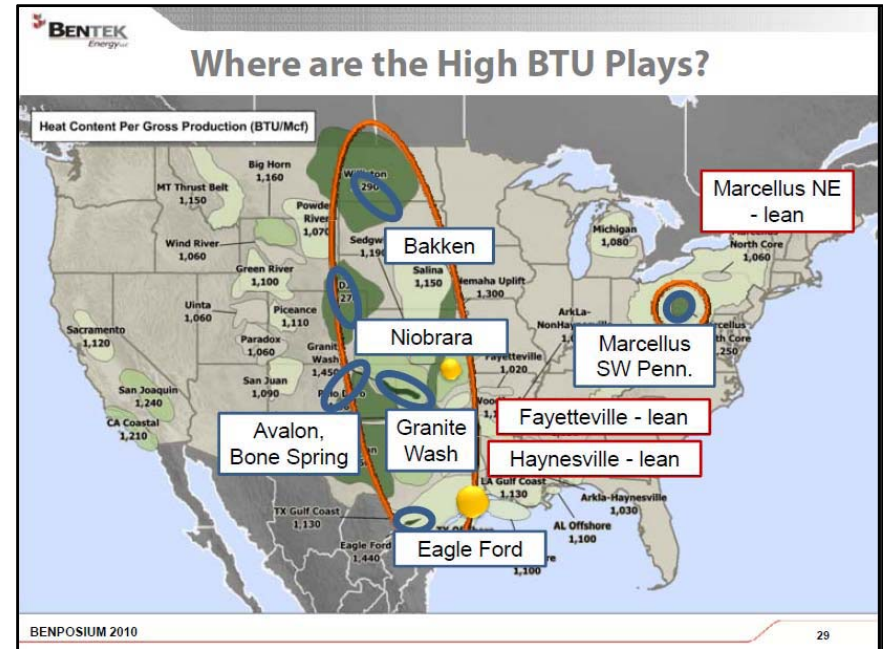
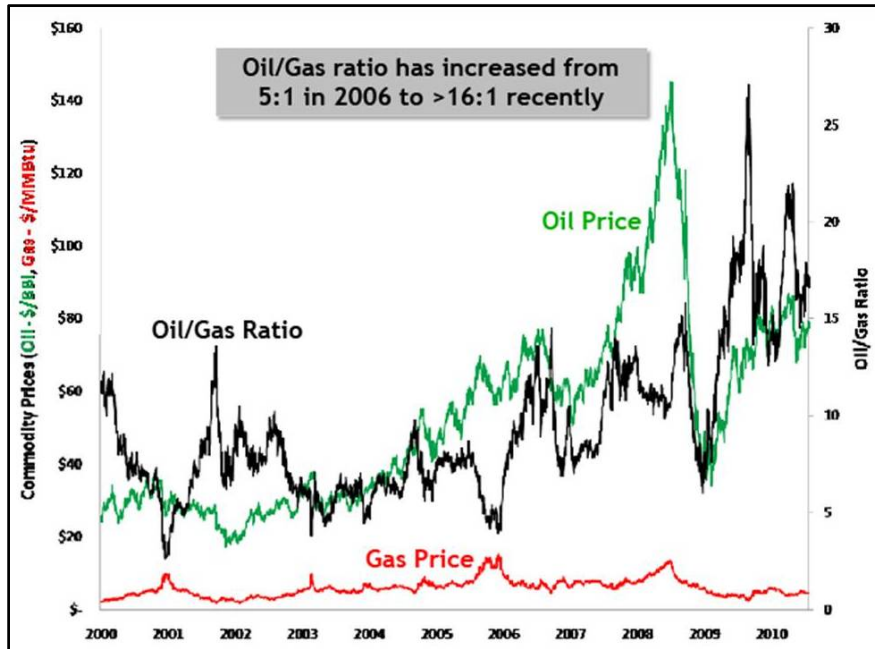
- Participated in the discovery of a large onshore gas & condensate field in SE Texas - [Sugarkane Field](#) - first acreage acquired 2006
- De-risked appraisal of project via farmout:
  - Introduced a well funded technically competent partner (Hilcorp) to prove concept and demonstrate field performance
  - Hilcorp 4<sup>th</sup> largest private E&P company in US - 10 well carry for farmin
  - Farmin ending - excellent results - dramatic reduction in drilling times and costs



## US Shale Trends



## The Eagle Ford is a Liquids Rich Trend



- The relative energy differential (BTU) for Oil/Gas is approx 6:1
- The value ratio of Oil/Gas has been trending up in recent years
- That is oil and gas prices in the US have decoupled
- Liquids are more valuable than gas!
- Aurora is a liquids story!

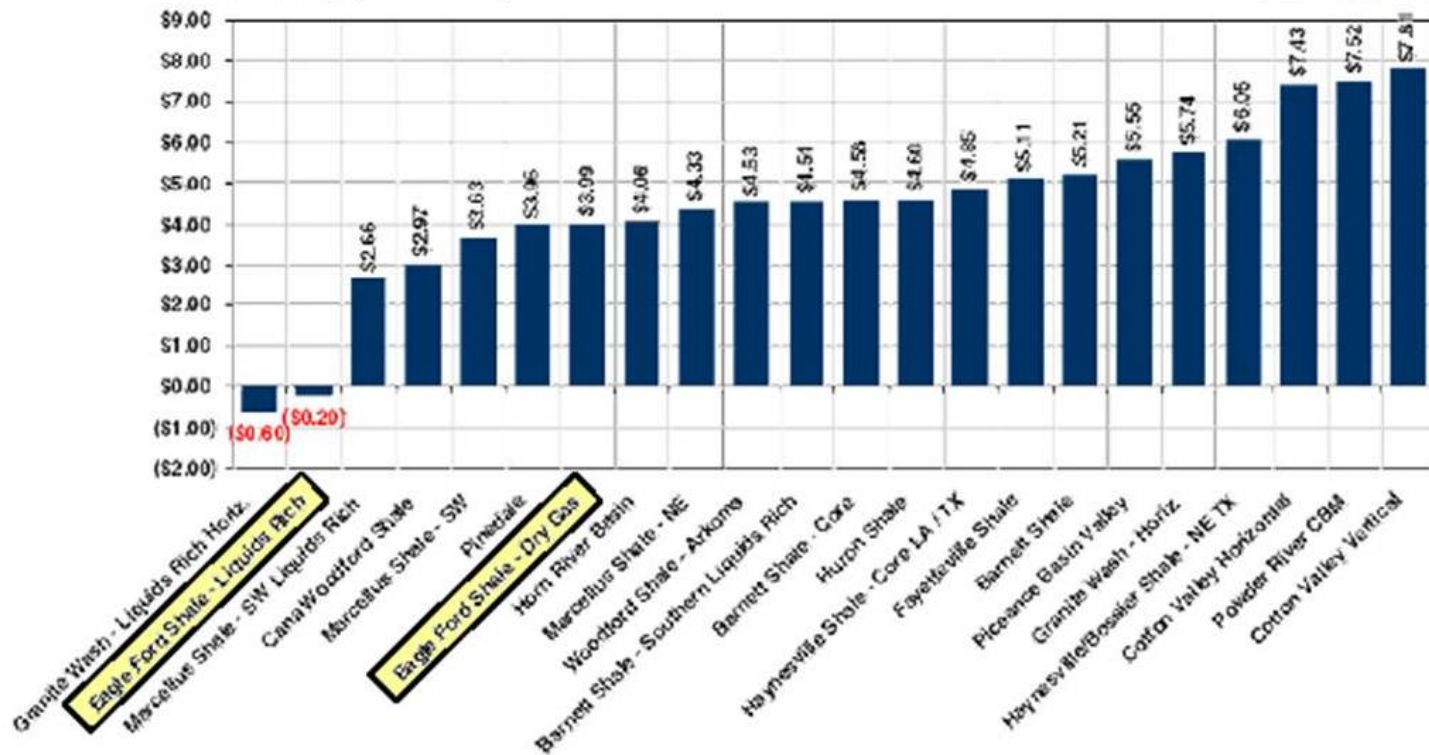


## Higher Condensate and NGL Yields Lower Breakeven Gas Prices

Exhibit 2: Breakeven Prices are falling

NYMEX Breakeven Price (\$ per MMBtu)

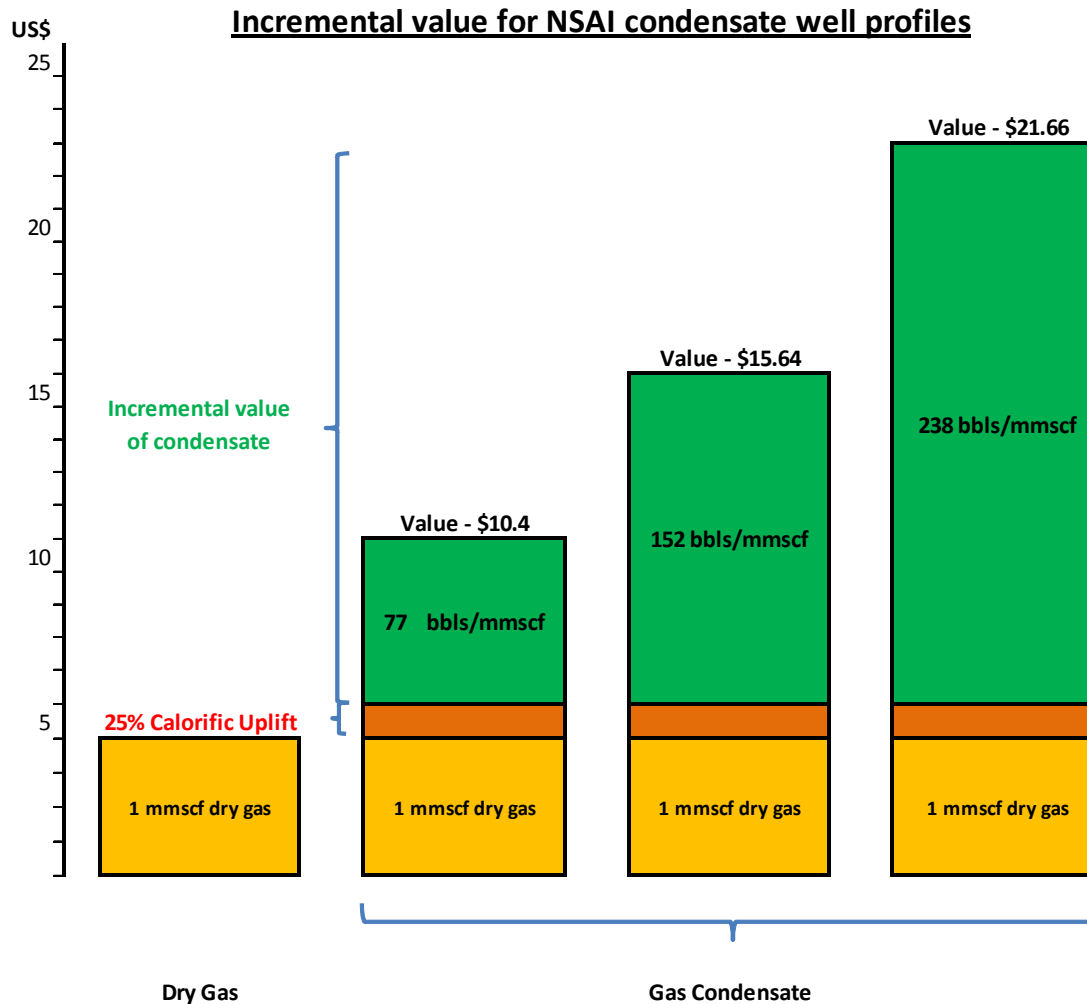
For 15% ATAX ROR



Assumes condensate yield of 25%, NGL yield of ~85 BBL/MM, \$80/BBL oil price and NGL price 45% of oil

Source: Credit Suisse

## Aurora Highly Leveraged to Oil Price



Note: Assumes US\$4/mmscf gas, US\$70/bbl condensate

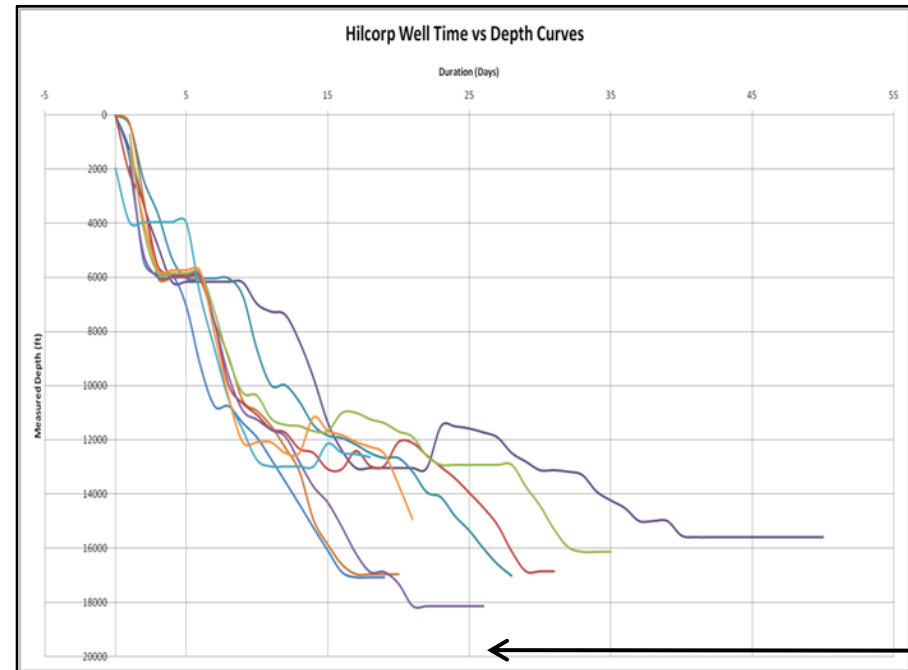
## Eagle Ford Drilling Activity Continues to Grow Rapidly

Some 50 new wells were drilled and completed along the Eagle Ford trend to the end of 2009 with a dramatic ramp up in 2010.

Current estimate is of more than 80 rigs currently operating in the Trend!

We continue to see:-

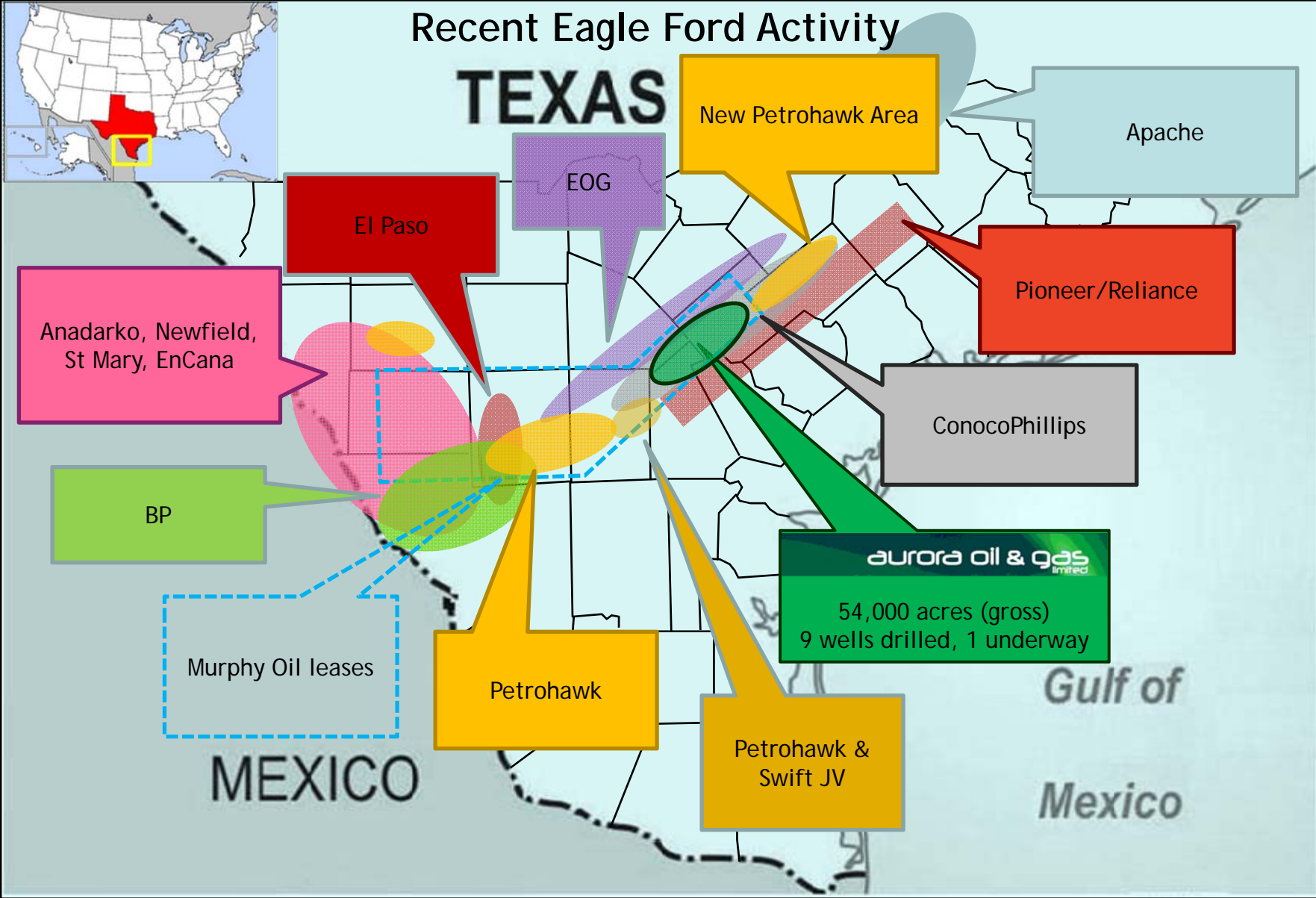
- Improved Initial Production rates
- Decrease in early decline rates
- Substantial reduction in costs
- Improvements to frac design and execution



- Ave drill times reduced to 27 days
  - 1 well per rig per month
- A full time frac crew
  - 3 wells per month

## Recent Eagle Ford Activity

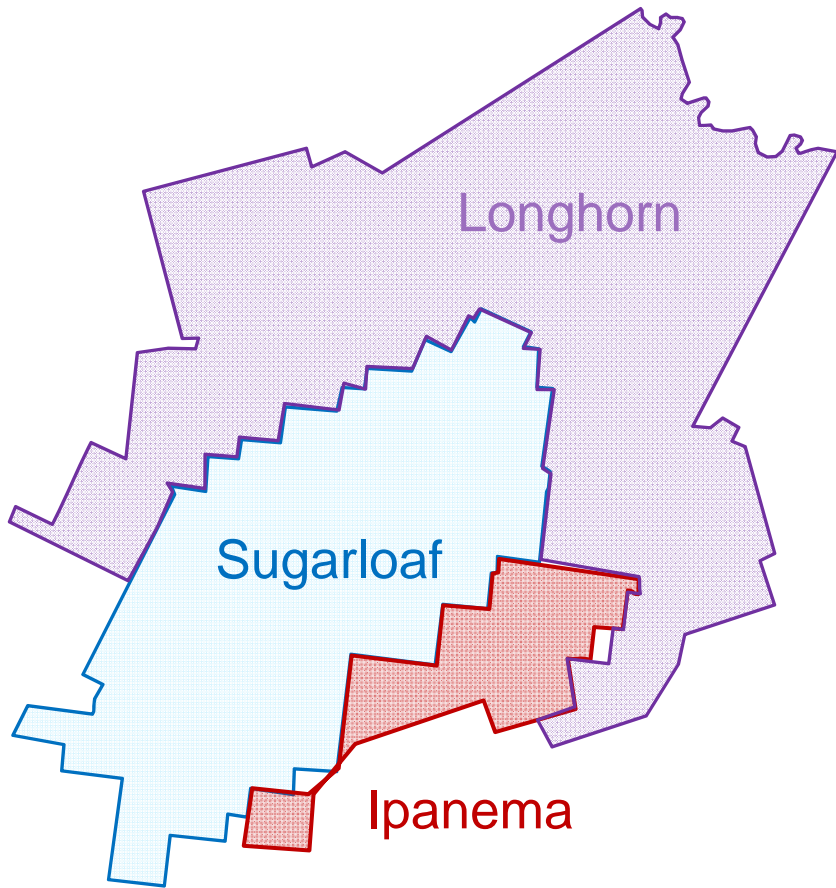
# TEXAS



# MEXICO

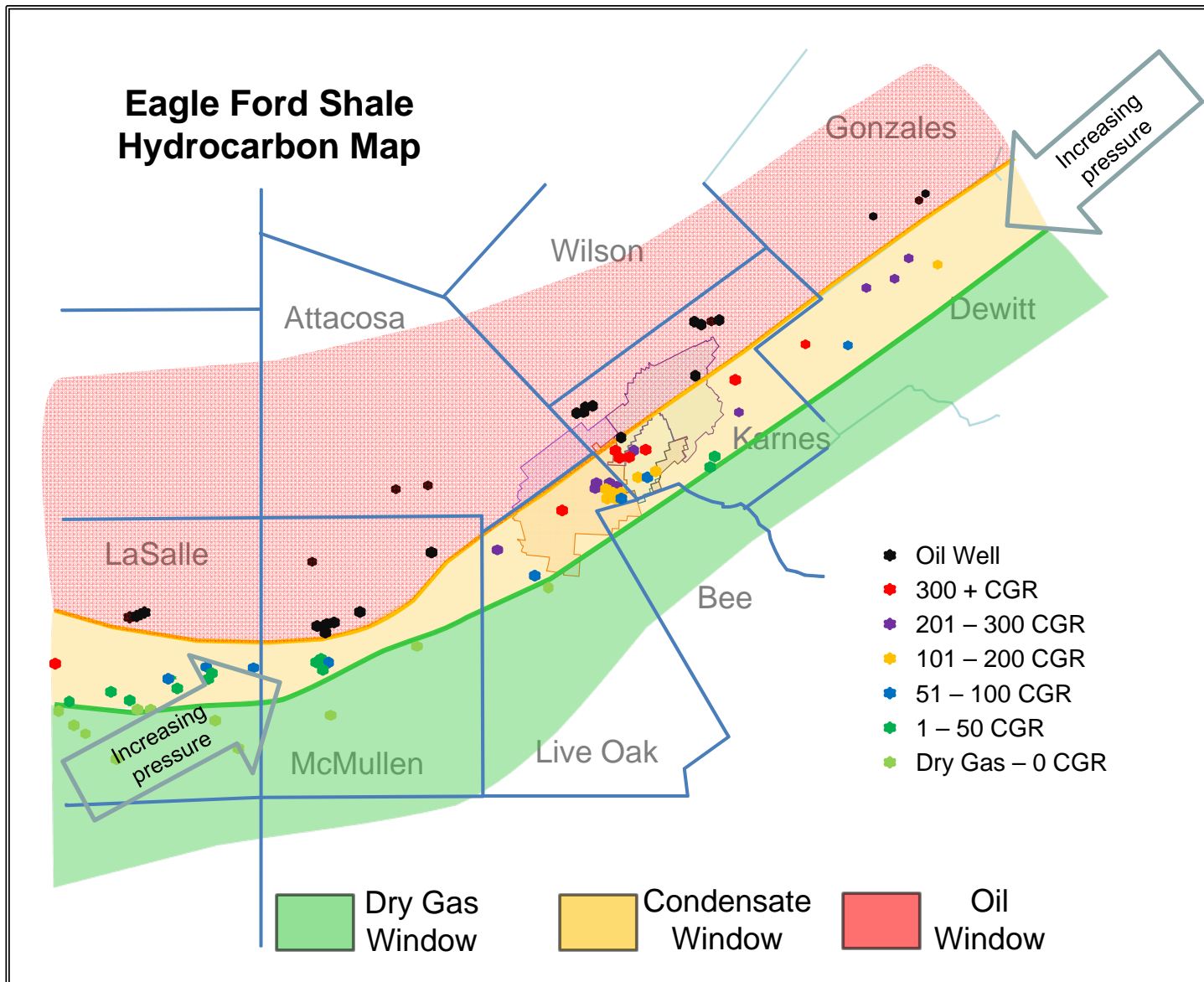
Gulf of  
Mexico

## Sugarkane Gas and Condensate Field - AMI's

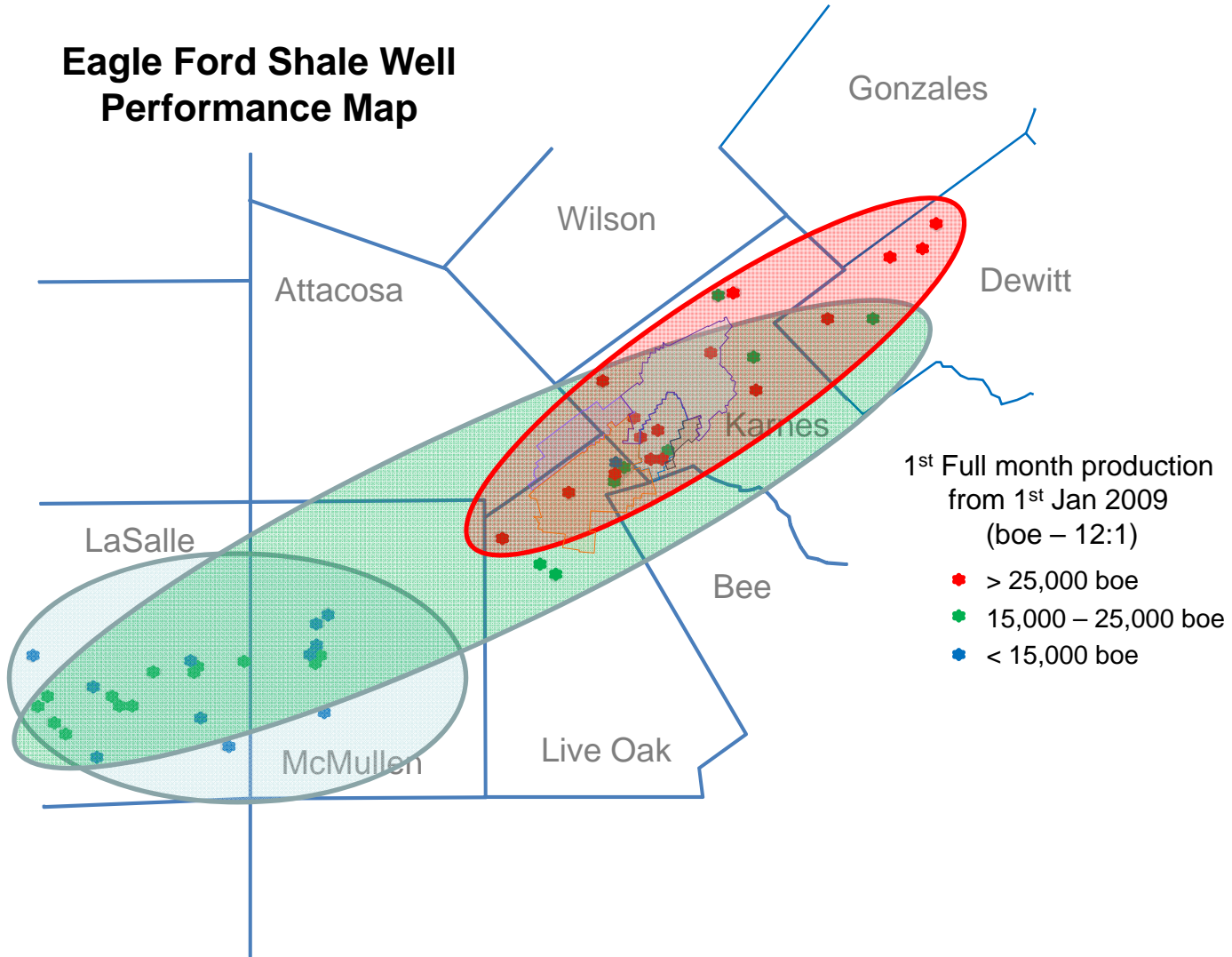


AMI	AUT Interest % Post farmout	Acreage Gross Approx	Acreage Net Approx (Post farmout)
Sugarloaf	10	23,500	2,390
Longhorn	25	25,800	6,450
Ipanema	30	4,400	1,320
Total		53,700	10,160

This diagram is an indicative pictorial representation of Joint Venture areas within the Sugarkane Gas & Condensate Field and is not intended to be definitive schematically, to scale or reference owners of mineral rights.



## Eagle Ford Shale Well Performance Map



## Farmin Phase 1

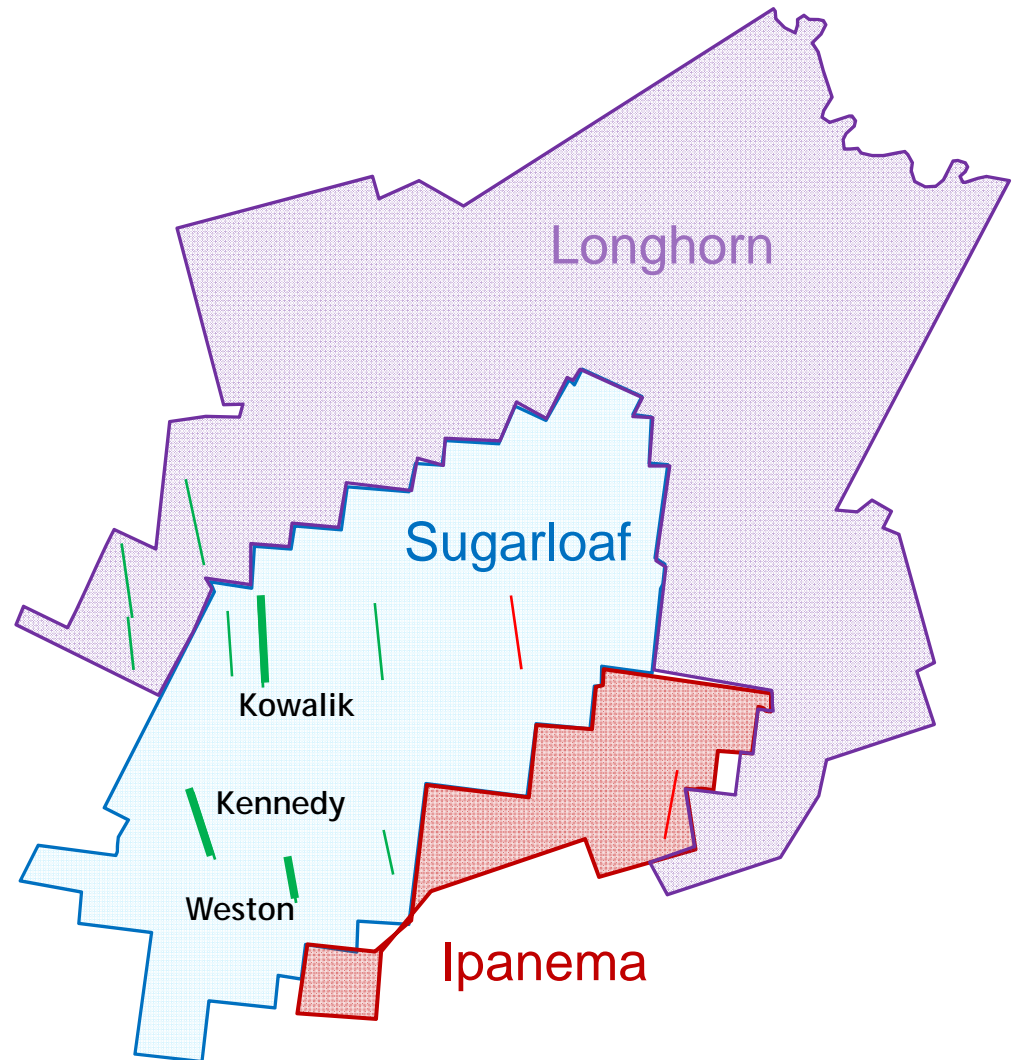
Stimulation of existing wells

Initial Production Rates:

- Kennedy #1H - 19.1 mmscfe/d
- Weston #1H - 12.1 mmscfe/d
- Kowalik #1H - n/a

Production to end Q2 2010:

- Kennedy #1H (152 days)  
255 mmscf & 51,000 bbls
- Weston #1H (134 days)  
646 mmscf & 37,000 bbls





## Farmin Phase 2

### New Sugarloaf Wells

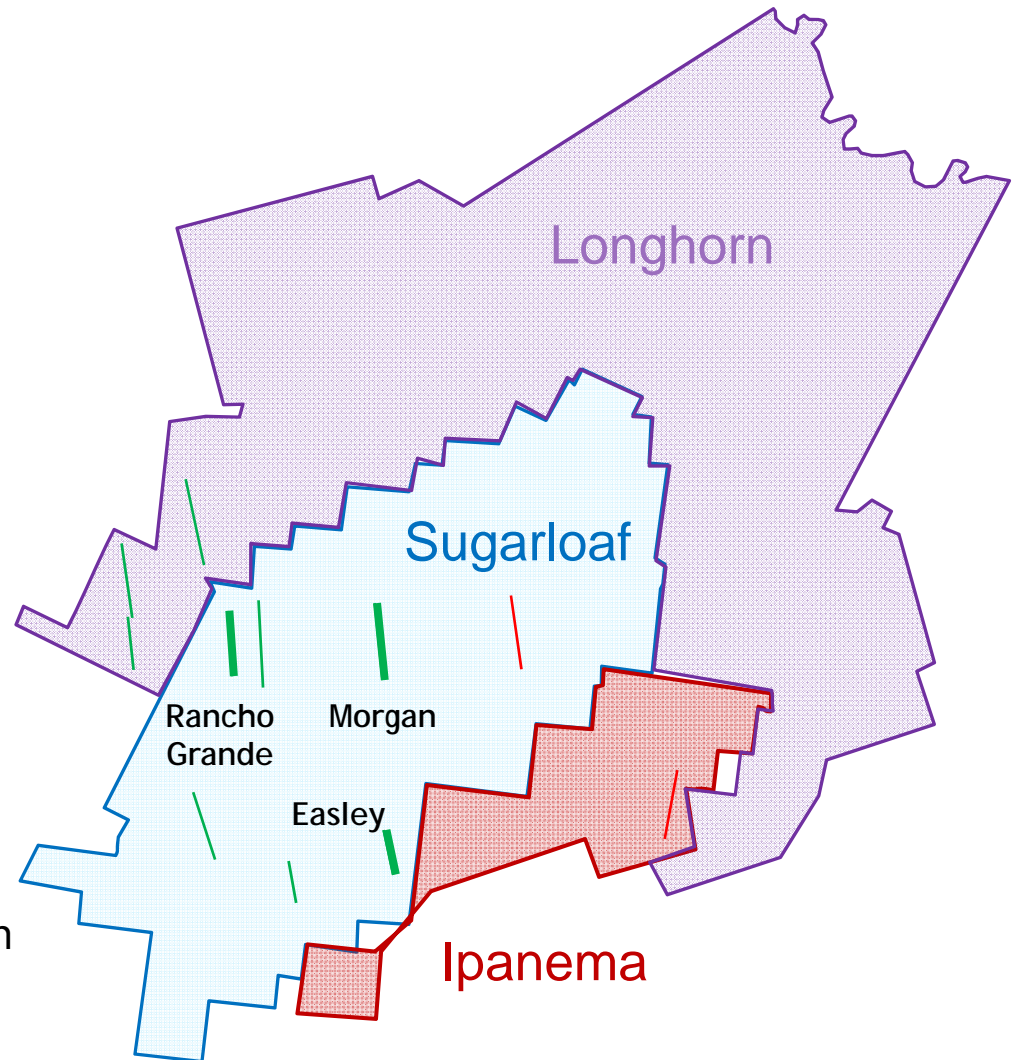
#### Initial Production Rates:

- Easley #1H - 17.9 mmscfe/d
- Morgan #1H - 31.0 mmscfe/d
- Rancho #1H - 18 mmscfe/d

#### Production to end Q2 2010:

- Easley #1H (62 days)  
227 mmscf & 20,000 bbls
- Morgan #1H (64 days)  
211 mmscf & 68,000 bbls
- Rancho #1H (30 days)  
85 mmscf & 31,200 bbls

Rancho Grande first well operated on restricted choke.



## Farmin Phase 3

### New Longhorn Wells

#### Initial Production Rates:

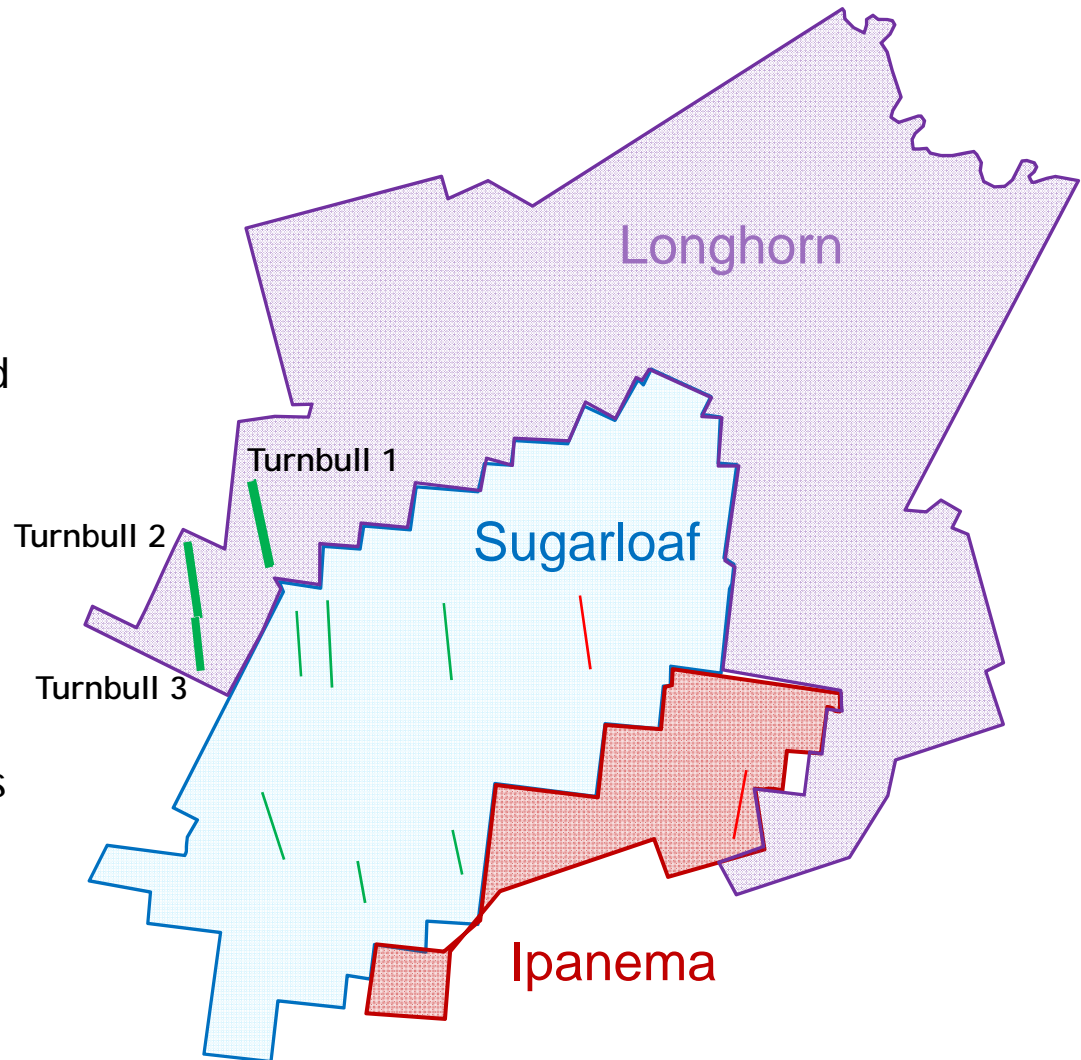
- Turnbull #1H - 1,052 boe/d
- Turnbull #2H - 7.71 mmscfe/d
- Turnbull #3H - 9.6 mmscfe/d

#### Production to end Q2 2010:

- Turnbull #1H (21 days)  
24 mmscf & 12,600 bbls

All wells on restricted choke.

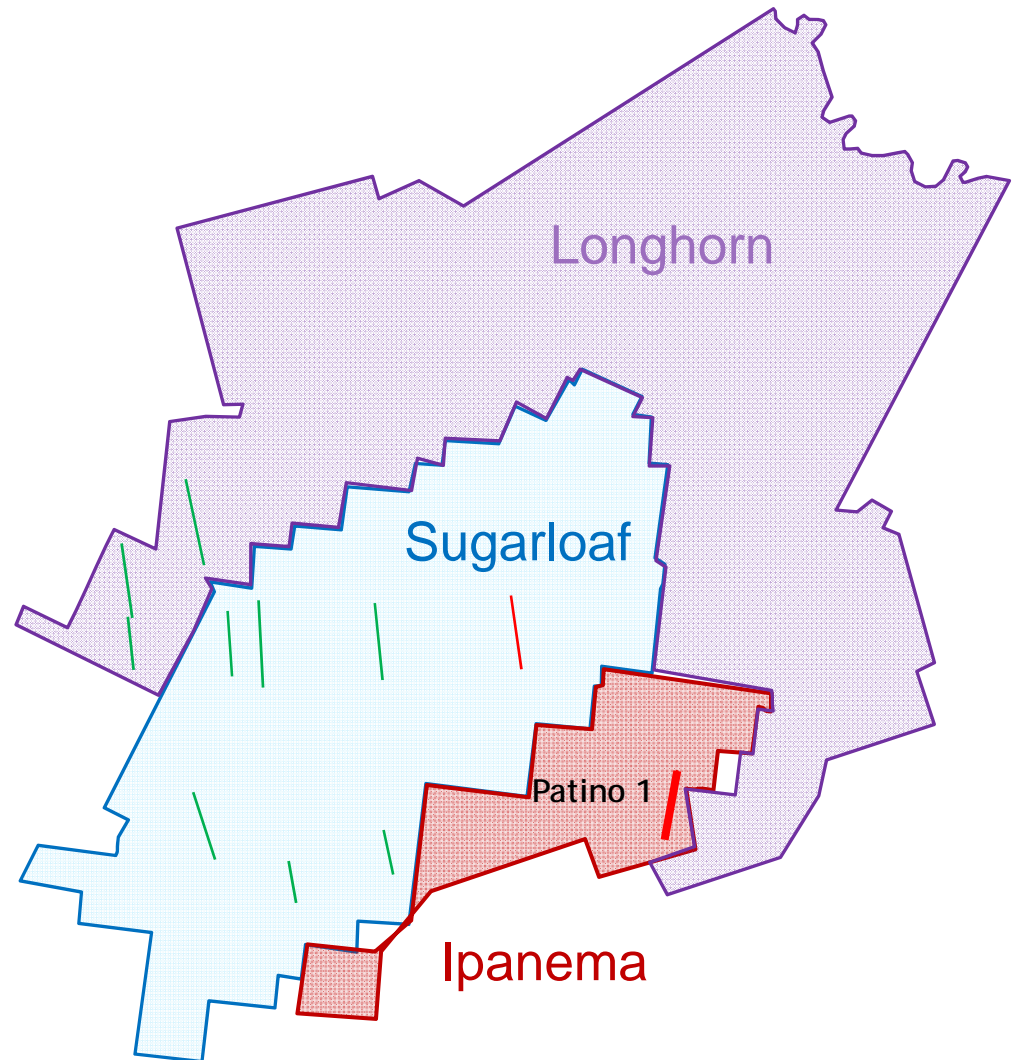
T #3 stimulated in phases, results first phase only.



## Farmin Phase 4

New Ipanema Well

Drilling underway at Patino #1H.

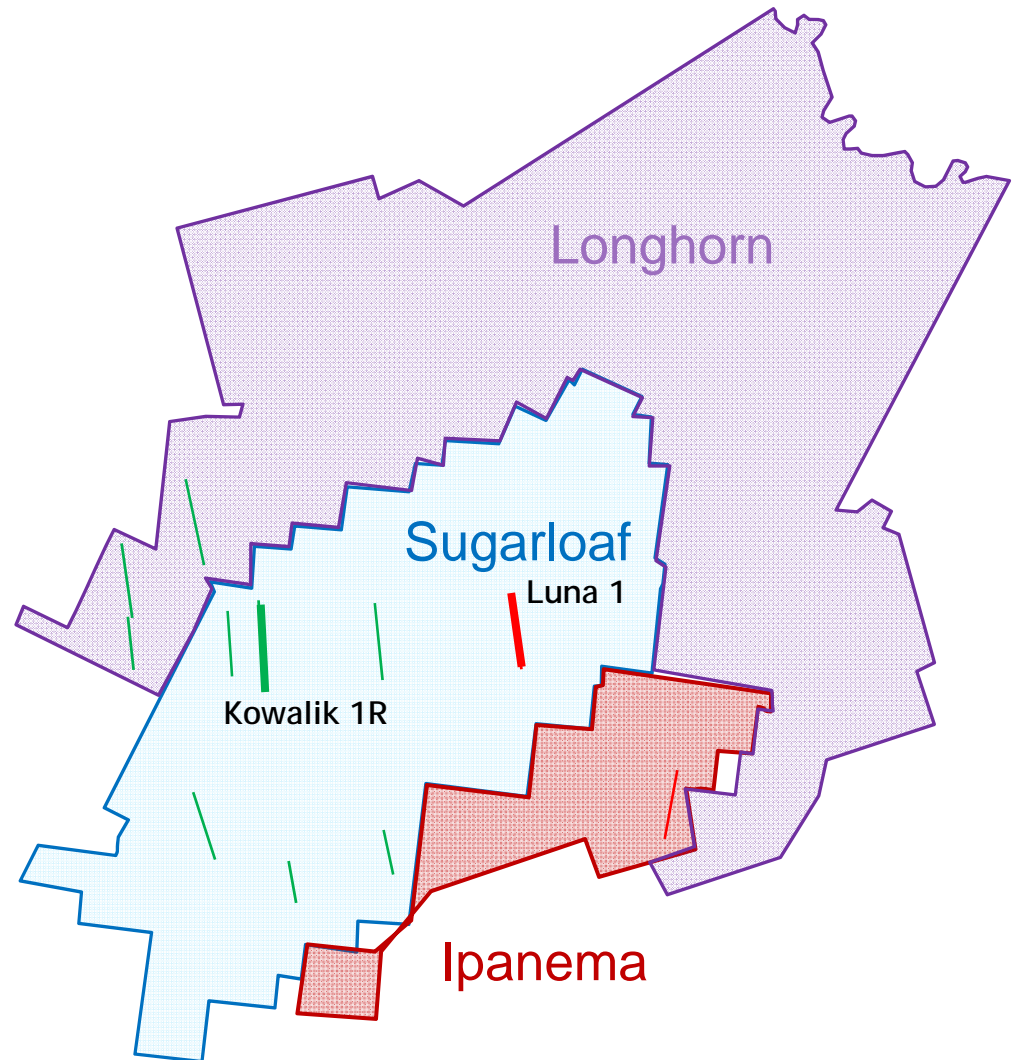


## Phase 5

Post farmout wells

Kowalik #1R - drilled awaiting frac

Luna #1 - drilled awaiting frac



## Maiden Independent Reserves Certification<sup>1</sup> - August 2010

(All figures are net to Aurora post royalties)

AMI	Proven		Probable		Possible		Total	
	mmbbl	bcf	mmbbl	bcf	mmbbl	bcf	mmbbl	bcf
Sugarloaf	0.83	6.14	1.85	12.03	5.45	30.35	8.13	48.53
Longhorn	0.69	2.17	0.84	3.19	19.97	46.64	21.49	52.00
Ipanema	0.00	0.00	0.11	1.40	3.47	36.09	3.58	37.50
<b>Total</b>	<b>1.52</b>	<b>8.3</b>	<b>2.79</b>	<b>16.6</b>	<b>28.89</b>	<b>113.1</b>	<b>33.21</b>	<b>138.0</b>
<b>NPV10 Calculation (pre tax)</b>								
US\$mm	\$70		\$120		\$796		\$986	
AUD\$/Share	\$3.87 <sup>2</sup>							

Prepared by Netherland, Sewell & Associates, Inc ("NSAI")<sup>1</sup>,  
a leading international firm of petroleum engineers.

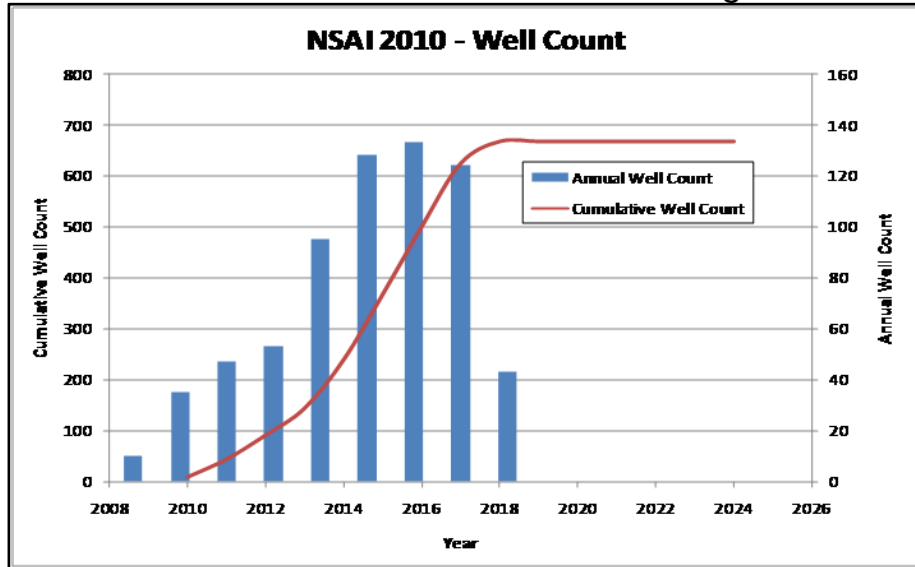
Aurora expects that the planned drilling program will convert the majority of its  
3P reserves to 2P over the next 12-18 months

<sup>1</sup> In accordance with the definitions and guidelines set forth in the 2007 Petroleum Resource Management System approved by the Society of Petroleum Engineers.

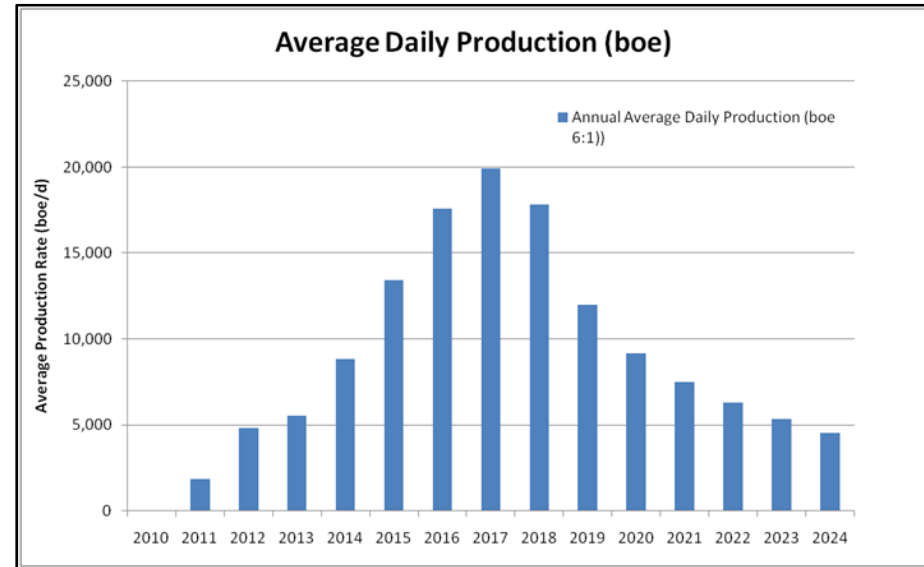
<sup>2</sup> NPV10 pre tax number divided by fully diluted capital and converted at AUD\$ : US\$ exchange rate of 0.90.

## Development Plan - NSAI Report

### Total Well Count - Aurora Acreage

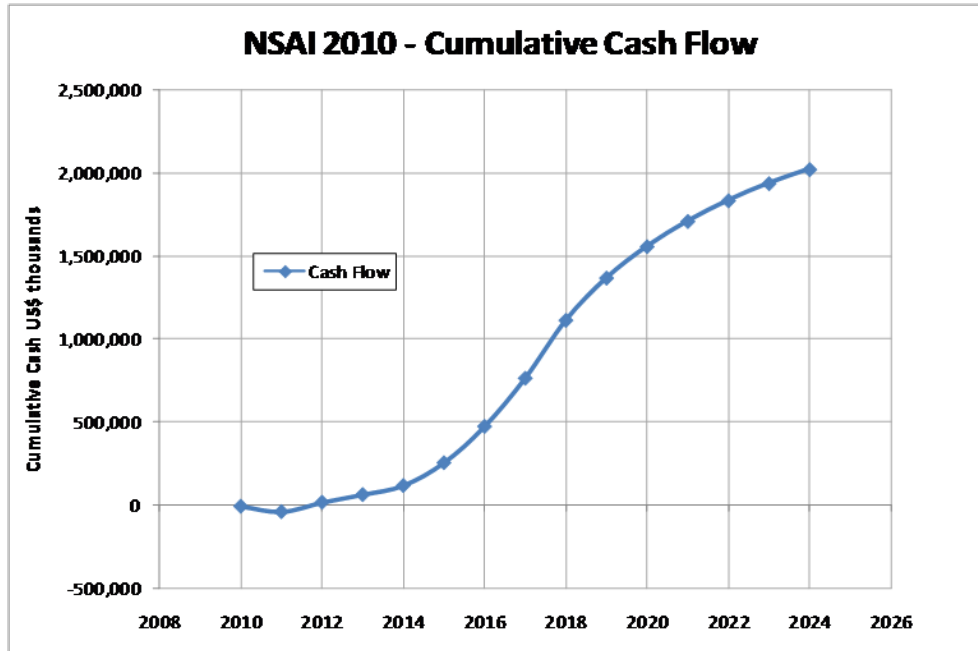


### Aurora Net Production



- Rig count initially conservative through 2013 peaking at 4 but accelerated through 2014 - 17 at up to 11 rigs
- Total well count of 668 based on approximately 80 acre spacing
- Tighter spacing, if demonstrated to be economic, could more than double well count, increase peak production well past 2017, maintain high net production for an extended period and multiply ultimate recoveries.

## Development Plan - NSAI Report (cont.)

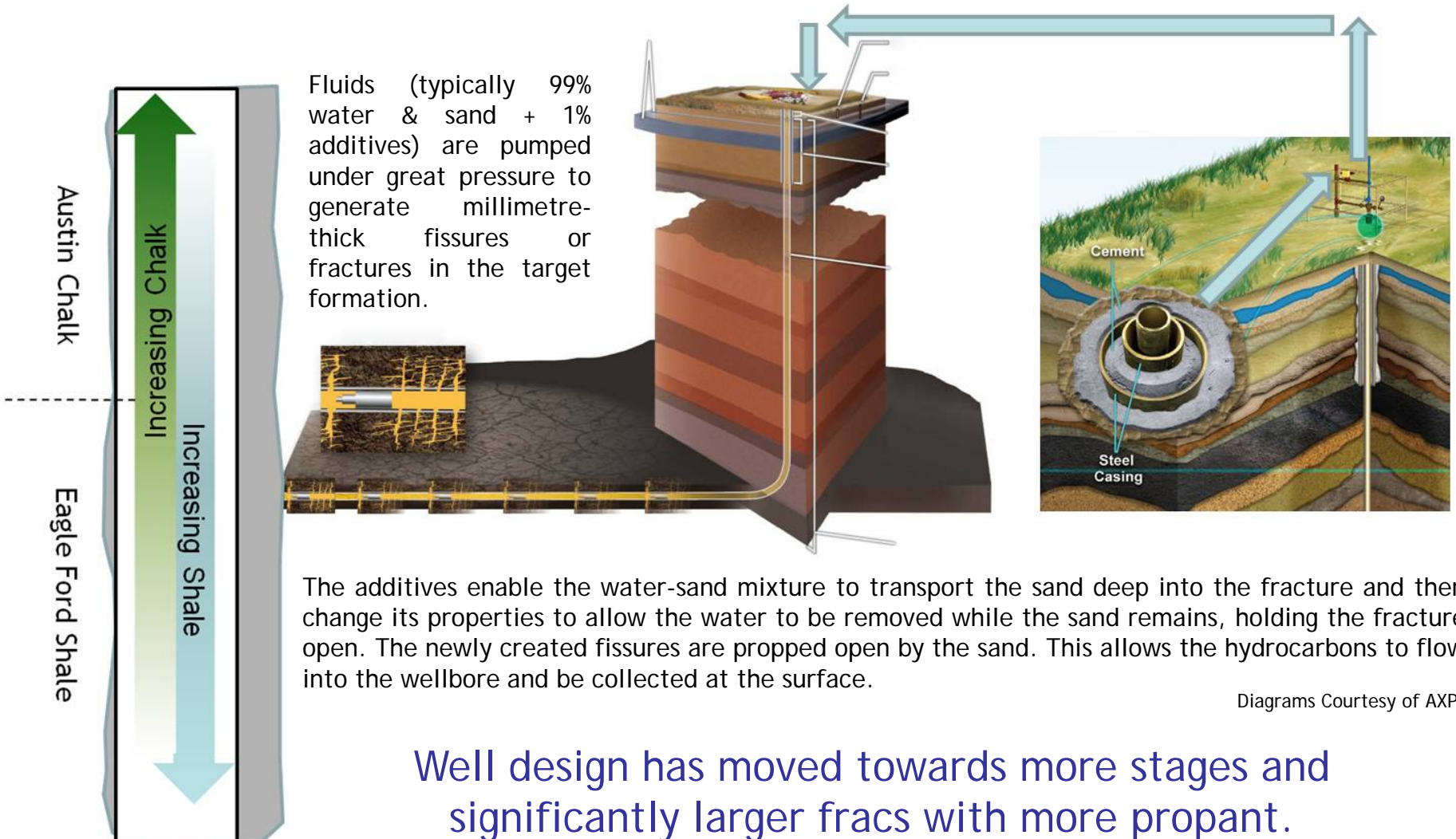


- Peak negative cashflow 2011 at US\$38m
- Majority of field development costs funded by production cashflow
- Aurora funded for this program

NSAI economic model based on following key assumptions:

- Gas wells EUR 4.68BCFe (3 different condensate yields)
- Oil wells EUR 465mbbls
- Capex - US\$6.8m/well
- Opex - US\$12k/well per month
- Commodity prices:
  - 2010 - \$73.95 and \$5.05
  - 2011 - \$76.97 and \$5.41
  - 2012 - \$79.07 and \$5.69
  - 2013 - \$80.50 and \$5.89
  - 2014 - \$81.76 and \$6.10
  - 2015+ - \$83.19 and \$6.37

## Sugarkane Field Drilling & Stimulation

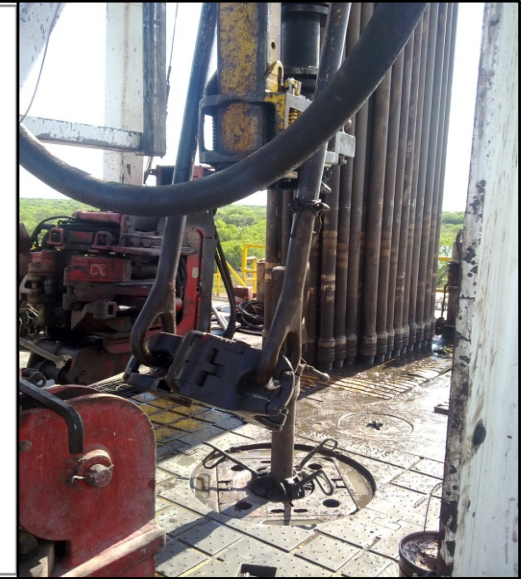
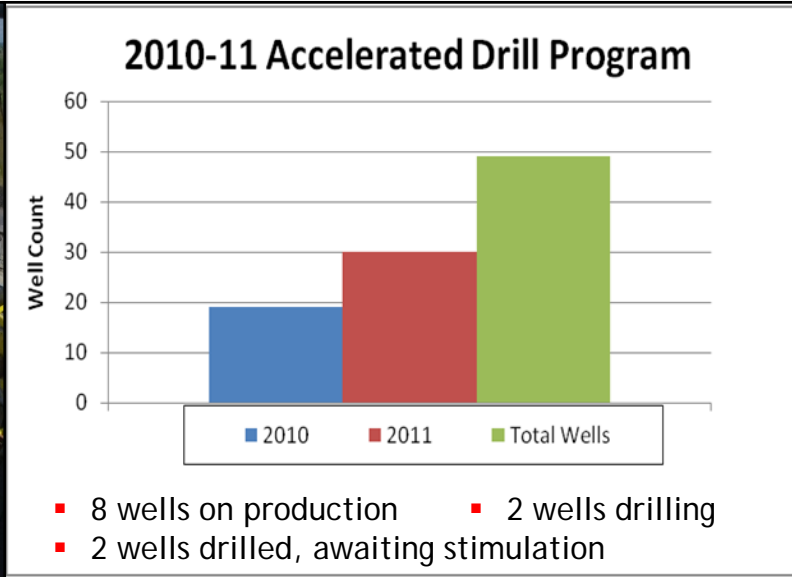


Diagrams Courtesy of AXPC

Well design has moved towards more stages and significantly larger fracs with more proppant.



## Current Forecast of Activity - AUT Acreage



- Revenues from carry wells expected Q4 2010 after farminee cost payout.
- First participating wells commenced early July 2010 - revenue Q4.
- More than 650 drilling locations per NSAI report.
- Current field rules - gas wells hold ~1,320 acres and oil wells 320 acres.
- Drilling plan through 2011 focused on securing land by production.

## Research - Euroz "Buy" - Target \$1.52



The technical and commercial strengths of the Operator are clearly complementing the favourable physical characteristics of the Sugarkane acreage ....

**PHYSICAL CHARACTERISTICS** - The uniquely over pressured, liquids rich Sugarkane Field has underpinned:

- High Initial Production
- High Rates of Recovery
- Early Stabilised Production
- Sustained Liquids Production)

**TECHNICAL EXPERTISE** - Hilcorp has achieved:

- Faster Drilling Times
- Improving Production Volumes
- Lower Rates of Decline

**COMMERCIAL STRENGTH** - Hilcorp provides:

- Access to Essential Services
- Industry Leading Technology
- Vertical Integration

On-going drilling post an impressive maiden reserve will allude to upside potential via improved completion techniques. Hilcorp's clear technical and commercial acumen continue to extract maximum value from what is already demonstrably a superior acreage position. Our \$1.50/sh valuation remains heavily risked: on-going strong drilling results will directionally underpin a valuation well in excess of \$2/sh. BUY

Jon Bishop- Analyst, Euroz Securities Aug 2010

## Research - Hartleys "Buy" - Target \$1.31



### Huge Maiden 3P Reserve Implies Further Upgrades

The numbers are slightly above our expectation, which was for 50 million barrels of oil equivalent ("BOE") compared to the 56.2 reported. .... due to the nature of the Eagle Ford Shale in which Aurora has its reserves, it is likely that the Company will be able to convert the majority of its 3P reserves to 2P over the next 12-18 months. Aurora's EV/3P ratio is A\$4.50, implying potential uplift of 3 times the current enterprise value over the time period.

### Non Conventional Reserves - High Conversion Ratio Likely

Aurora has achieved outstanding initial, 30 and 60 day flow rates from the first 8 wells drilled into its Eagle Ford Shale acreage. The reserves report indicates that there are 668 gross well locations across the acreage. .... it is likely that there will be a high conversion ratio of 3P reserves into 2P and then 1P. Additional upside is possible through increased density of drilling and also through improved well performance via improvements in completion technology or better understanding of the reservoir.

### What Happens When Reserves Are Converted? Consolidation

.... Our view is that, like most resource style plays, the evolution of investment will culminate in significant consolidation within the players exposed to the Eagle Ford Shale. This can often occur once significant proven reserves are certified and large 2P and 3P potential remains. For Aurora, this point in time is likely to occur within the next 18 months and we view a sale of the assets for look through value of >200cps as probable around the end of CY2011. We retain our Buy recommendation and have increased our 6 month price target from 123cps to 131cps.

David Wall - Oil & Gas Analyst, Hartleys 24 Aug, 2010

## Aurora is positioned for an active and successful 2010 and beyond.

### ■ Quality Asset / Significant Size

- Positioned in one of the premier North American shale plays
- Pure investment opportunity in to sweet spot within the Eagle Ford
- Initial 3P reserves of 56mmboe

### ■ Strong Economics

- Strong technical merit, high liquids ratio, good flow rates,
- High leverage to oil price - low reliance on gas prices
- Fast well payback timeframes and majority of development paid out of cashflow

### ■ De-risked by Quality Farm Out

- Large, competent US Operator experienced with large onshore assets
- 10 well carry de-risked project
- 18 wells expected by 31 Dec 2010

### ■ Significant Valuation Upside Via Active Drilling Program

- Up to 50 wells by 31 Dec 2011 will move most 3P reserves to 2P
- Production and reserves growth will lead to continued valuation growth

### ■ Sound Balance Sheet

- US\$38m cash, no debt - funded for current drilling program

- Extra slides

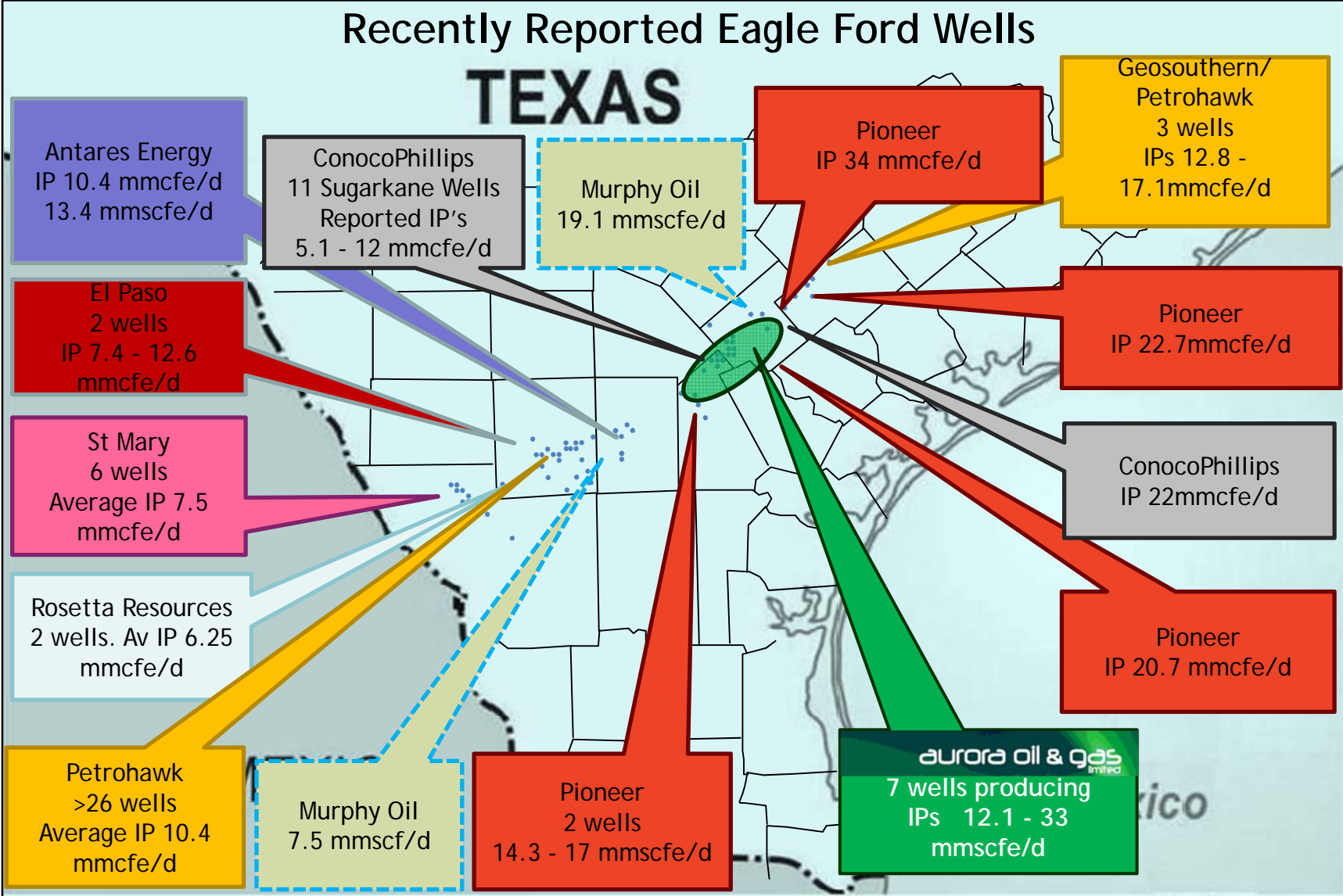
## The Eagle Ford is a Premium US Shale Play!

Large US and multinational E&P companies have invested significantly to enter.

<i>Company</i>	Market Capitalisation US\$
<i>ConocoPhillips</i>	\$86 billion
<i>Anadarko</i>	\$28 billion
<i>Chesapeake</i>	\$15 billion
<i>EOG Resources</i>	\$26 billion
<i>Murphy Oil Corporation</i>	\$11 billion
<i>Petrohawk Energy Corp</i>	\$5 billion
<i>Pioneer Natural Resources</i>	\$7 billion
<i>Encana Corporation</i>	\$23 billion
<i>ExxonMobil</i>	\$319 billion
<i>BP</i>	\$127 billion
<i>Shell</i>	\$170 billion
<i>Talisman</i>	\$18 billion

## Recently Reported Eagle Ford Wells

### TEXAS



To provide comparisons between wells, most industry participants are using a currently conservative oil/gas ratio of 12:1.

## Sugarkane Gas and Condensate Field - Technical

- Sugarkane field consists of a high quality Austin Chalk reservoir directly overlaying an organic rich and calcareous regional Eagle Ford shale.
- The field has been delineated by more than 25 wells with consistent reservoir and hydrocarbons from all penetrations.

	<b>AUT Acreage</b>	<b>Regional Eagle Ford</b>
Depth (ft)	12,000 – 13,000	6,000 – 14,000
Porosity (%)	6% – 10%	2% – 12%
Pressure (psi/ft)	0.76 – 0.80	0.43 – 0.80
Condensate Ratio (bbls/mmscf)	50 - 400	0 – 400+*
Total Organic Content (%)	2% - 6.6%	2% - 6.6%
GIIP/640 acres (Bcfe)	120 -250	100 – 300

\* Across the regional Eagle Ford trend there are dry gas, condensate rich gas and oil prone zones, the origins of which are linked to depth and pressure at time of maturation (hydrocarbon generation). AUT's acreage is largely within a condensate rich gas area and has a variable condensate ratio trend across it. Some acreage is within the oil leg (over-pressured) of the Trend. On a cash sales basis condensate and oil are considerably more valuable than comparative BTU gas production.



## Drilling Program & Initial Results

Well	AMI	AUT % Post Farmout	IP Gas mmcf/ d	IP Cond. b/d	30 Day average mmcf/d	30 Day average b/d	30 Day average mmcfe/d*
Kennedy 1H	Sugarloaf	10%	4.39	1,132	3.05	661	11.7
Weston 1H	Sugarloaf	10.64%	5.68	414	5.49	388	11.5
Morgan 1H	Sugarloaf	10%	5.16	2,046	3.65	1,283	19.97
Easley 1H	Sugarloaf	10.64%	6.81	780	4.20	407	10.13
Rancho G. 1H	Sugarloaf	10%	3.19	1,170	2.83	1,040	16.2
Turnbull 1H	Longhorn	25%	1.53	893	1.27	720	853**
Turnbull 2H	Longhorn	25%	1.12	526	Highly restricted choke rate		
Turnbull 3H	Longhorn	25%	1.65	629	Phase 1 only		
Kowalik 1HR	Sugarloaf	11.46%	Well drilled - awaiting frac				

**IP's and 30 Day averages are excellent!**  
**Variations to frac design and controlled flow back aimed at**  
**additional improvements to EUR's & economics**

## 2010 Production to Date

Well	AUT % Post Farmout	Horiz. length feet	60 Day total mmcf	60 Day total bc	60 Day average mmcf/d	60 Day average bc/d	60 Day average mmcfe/d*
Kennedy 1H	10%	2,200	148	30,825	2.47	514	9.26
Weston 1H	10.64%	3,000	342	21,351	5.70	356	11.40
Morgan 1H	10%	4,400	201	65,200	3.35	1,087	17.2
Easley 1H	10.46%	2,750	221	19,600	3.68	327	8.5
Rancho G 1H	10%	4,900	163	57,000	2.72	950	14.9
Turnbull 1H	25%	3,980	64	35,910	1.07	608	720**



Weston 1H