aurora oil & gas limited

ABN 90 008 787 988

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31 January 2011

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

By e-Lodgement

Dear Sir/Madam

QUARTERLY ACTIVITIES SUMMARY FOR THE QUARTER ENDED 31 DECEMBER 2011

OPERATIONS UPDATE

During the reporting period the following highlights occurred:-

- Aurora completed the US$120 million acquisition of additional Working Interests ("WI") in the Sugarloaf, Longhorn and Ipanema Areas of Mutual Interest (AMIs) and a WI in the Excelsior AMI, which are all within the Sugarkane Field, which is in the core area of the Eagle Ford shale trend. Post acquisition, Aurora participates in approximately 73,000 gross acres and holds 15,600 net acres. This acquisition was highly accretive in reserves and net present value.
- Hilcorp Energy ("Hilcorp") as farminor and Operator of Aurora's acreage in the Sugarkane Field, completed their farmin workscope and earned their interests in the Sugarloaf, Longhorn and Ipanema AMIs.
- The 2 drilling rigs operating within Aurora's acreage drilled and cased a total of 6 wells. In addition there were 2 wells underway at the end of the quarter.
- A total of 7 wells commenced production during the quarter.
- The following table summarises Aurora's well status as at 31 December 2010:-

	Sugarloaf	Longhorn	Ipanema	Excelsior	Total
Farmout Wells					
Producing	5	3	1	0	9
Post Farmout Wells					
Producing	4	1	1	0	6
Stimulation underway	1	0	0	0	1
Awaiting stimulation	1	1	0	0	2
Drilling	0	1	1	0	2
Total	11	6	3	0	20

- Field infrastructure is being installed in preparation for increased field production.

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- Aurora is presently working with the leading independent certification authority, Netherland, Sewell & Associates ("NSAI") to produce an update to the Company's reserves reflecting the additional drilling and production activity as well as the recently announced acquisition of additional WI's across the AMIs. This report is anticipated to be released to the market in late February 2011.

- During the reporting period, the following gross volumes have been produced from Aurora's joint venture areas within the Sugarkane Field.

    - 1.47 Bcf gas; and

    - 320,600 bbls oil and condensate.

- The forward drilling program for 2011 remains subject to ongoing revision but presently consists of over 60 wells within the 4 AMIs that Aurora holds an interest.

In order to minimize repetition of reserves reporting and enable ready comparison of reported production and reserves with other North American producers, Aurora now reports in compliance with certain North American reporting requirements that determine equivalent production in barrels of oil equivalent calculated on a simple 6:1 ratio. Reserves estimates and estimates of future net revenue associated with such reserves are now prepared and reported in compliance with Canadian securities laws under National Instrument 51 –101 – Standards of Disclosure for Oil and Gas Activities ("NI 51-101"). The basis for analysis under NI 51 – 101 is almost identical to the guidelines used for the July 1, 2010 reserve report announced on 18th August 2010 and referred to below.

Sugarkane Field – Eagle Ford Shale

Overview

Aurora presently participates in approximately 73,000 gross acres and holds 15,600 net acres within the Sugarkane Field in South Texas. The Sugarkane Field sits within the emerging core area of one of the premium shale trends in North America. The Company holds this acreage within four AMIs.

AMI	Working Interest	Gross Acreage	Net Acreage
Sugarloaf	15.7%	23,500	3,700
Longhorn	31.9%	27,000	8,600
Ipanema	36.4%	4,600	1,700
Excelsior	9.1%	17,900	1,600
Total		**73,000**	**15,600**

The production results from the wells drilled to date within the Sugarkane Field and in those areas surrounding the field have been amongst the best recorded to date from the entire trend. A combination of high condensate to gas ratios, relative high pressures and reservoir quality all combine to identify a sweet spot within the play that is demonstrated in the following diagram.

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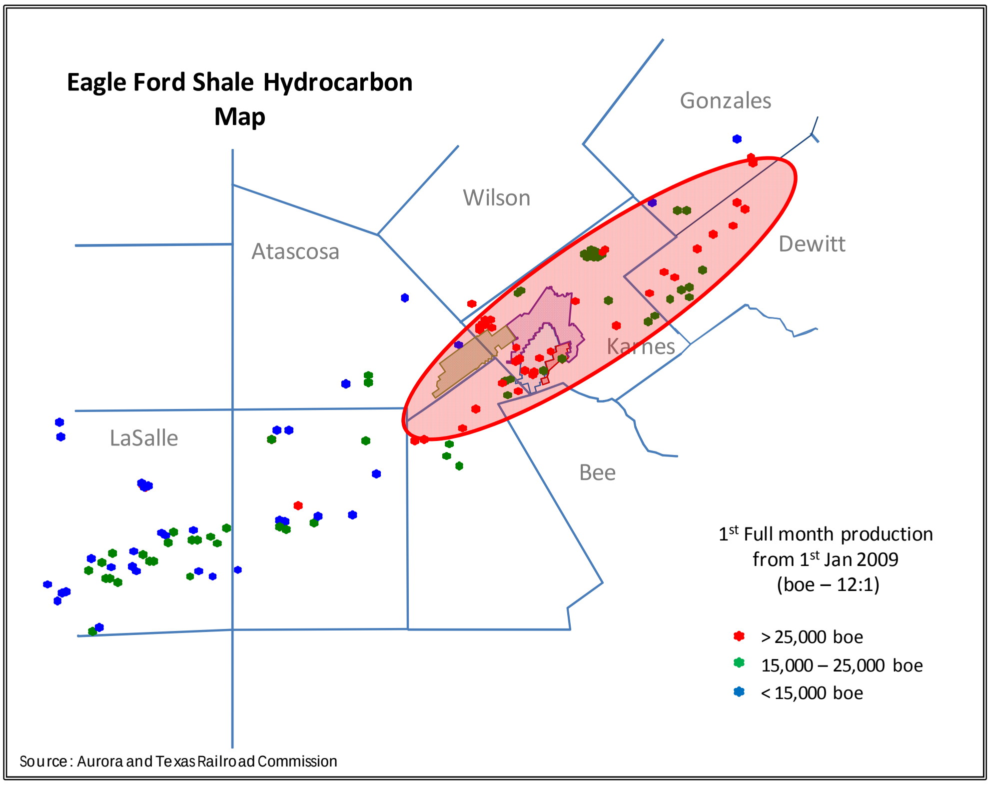


The map above shows the total maximum monthly production, in barrels of oil equivalent (calculated on a 12:1 basis), within the Eagle Ford trend in proximity to the Sugarkane Field. The results have been grouped in to three categories and colour coded. The best wells, with production over 25,000 boe per month, help define the more productive parts of the play. The map also shows the locations of the 4 AMIs (shaded areas within Karnes and Atascosa counties) within which Aurora holds its interests.

Hilcorp are the operator of the 4 AMIs and during the reporting period they completed the final elements of their farmin workscope. All operations within the 4 AMIs are now being carried out on a post farmout basis or without any element of carry ("heads up").

The Field is now in the early stages of development. Aurora recently announced that the Operator is planning its next increase in rig count operating in the field to 4 rigs which is expected to occur over coming weeks. The base plan is to drill approximately 60 wells in 2011, which on the basis of each rig drilling a well each calendar month, will require an average of 5 rigs over the next 12 months.

Operations

Sugarloaf AMI (15.7% WI)

All activities within the Sugarloaf AMI during this reporting quarter have been carried out on a post farmout basis but before the acquisition of additional WI's which occurred in December 2010.

Hilcorp have drilled and cased 6 post farmout wells at the time of writing this report in the Sugarloaf AMI and 4 of these are on production (see results listed in the production report below). The Direct Assets #1H required some remedial work to remove an isolation plug that became stuck whilst preparing for the 11th fracture stimulation stage. This remedial work has been done and the well is awaiting the last 3 stimulation stages to be carried out before it can be flowed to sales, this is anticipated to occur before the end of January

2011. The Gilley #1H well has been drilled and cased and also requires some remedial work before the well can be fracture stimulated.

Well	Working Interest	Spud Date	Total Depth (ft)
Kowalik #1R	11.65%	09/07/10	18,132
Luna #1H	10%	07/08/10	17,370
May #1H	10%	05/09/10	17,553
Urrutia #1H	10%	20/09/10	17,411
Direct Assets #1H	10%	30/09/10	17,600
Gilley #1H	10%	20/11/10	16,969

Longhorn AMI (31.9% WI)

At the time of writing this report 2 post farmout wells had been completed and fracture stimulated, the Turnbull #4H well and the Sienkiewicz #1H well. The Turnbull #4H well commenced production just before the end of the reporting quarter and the first 7 days cumulative production data is included below in the production section. The Sienkiewicz #1H well has been fracture stimulated, cleaned up and it is planned to flow this well to sales before the end of January 2011. A third post farmout well, Yosko #1H, was spudded during the reporting quarter and at the time of writing this report the well had been drilled and cased.

Well	Working Interest	Spud Date	Total Depth (ft)
Turnbull #4	25%	28/10/10	16,467
Sienkiewicz #1H	25%	16/11/10	18,270
Yosko #1H	25%*	22/12/10	17,336

* Working interest in this well will increase under the terms of the recent acquisition

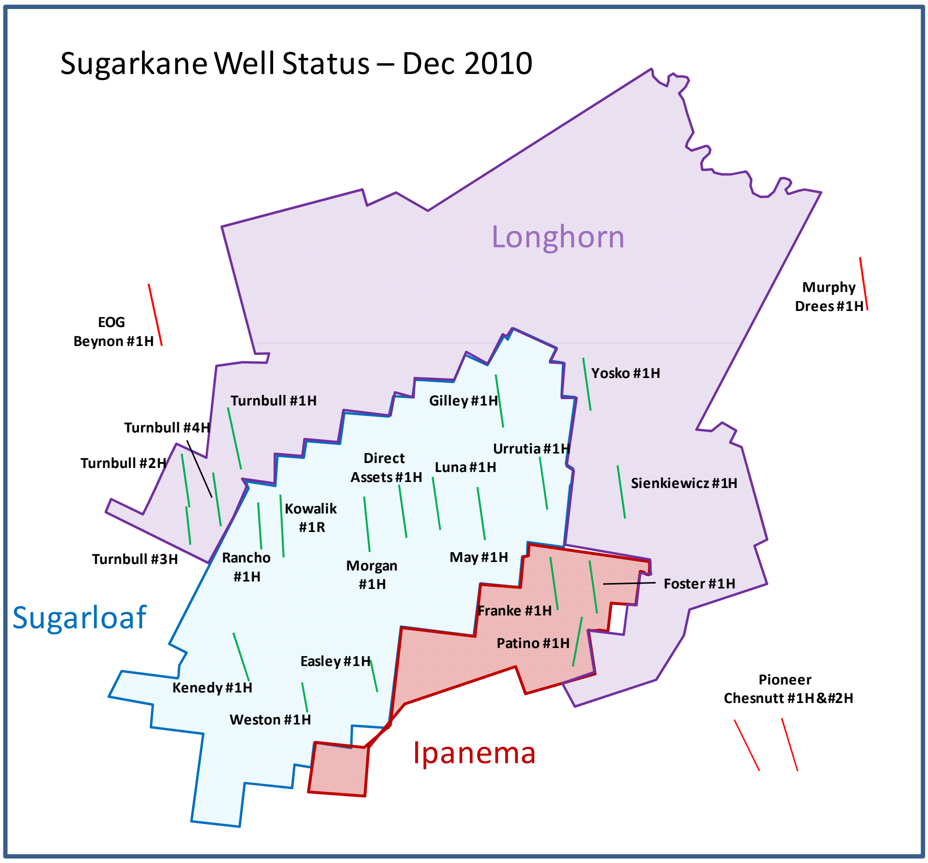
Ipanema AMI (36.4% WI)

The remaining obligations under the Hilcorp farmin to Ipanema were met during the December 2010 reporting quarter with the completion of the Patino #1H well. Thereafter the Franke #1H well was drilled and stimulated and at the time of writing this report the 2nd post farmout well, Foster #1H was underway.

Well	Working Interest	Spud Date	Total Depth (ft)
Franke #1H	30%	19/10/10	15,184
Foster #1H	30%*	21/12/10	Still drilling

* Working interest in this well will increase under the terms of the recent acquisition

The diagram below shows the location of the wells that have been drilled to date within the Sugarloaf, Longhorn and Ipanema AMIs as well as those being drilled by other operators in the immediate vicinity.



2011 Drilling schedule

Due to the requirement to permit wells, negotiate land access and prepare for transport of production etc, the drilling schedule remains flexible to fit circumstances at the time. The lease expiry schedule across our now 4 AMI's leaves significant operational leeway between when wells have to be drilled to hold acreage and their planned spud date. For these reasons the proposed program is subject to change and variation. During 2011 approximately 60 new wells are planned to be drilled of which 10 are within Sugarloaf and Ipanema, more than half in Longhorn and the balance in Excelsior.

Production Data

During the reporting quarter, wells within the Sugarloaf, Longhorn and Ipanema AMIs produced a gross total of 1.47 billion cubic feet of gas and 320,600 barrels of condensate. At the start of the quarter there were 8 wells on production and all were farmout wells. By the end of the quarter this had increased to 15 wells, with only one of the incremental wells being a farmin well. The other 4 wells in Sugarloaf, 1 in Longhorn and 1 in Ipanema were all post farmout wells and Aurora participates immediately in the production from those wells.

The following table summarizes gross well production during the December quarter and cumulatively for the year to 31 December 2010.

Well	Q4 2010			Well Total		
	Gas (mmscf)	Condensate (bbls)	Days	Gas (mmscf)	Condensate (bbls)	Days
Kennedy #1H	48	9,400	79	382	71,983	322
Weston #1H	170	9,519	90	1,046	58,867	315
Easley #1H	133	7,897	91	555	41,297	244
Morgan #1H	83	24,631	65	470	141,231	217
Rancho #1H	130	35,515	79	436	134,115	197
May #1H	108	30,885	55	108	30,885	55
Luna #1H	95	31,976	46	95	31,976	46
Urrutia #1H	36	13,284	20	36	13,284	20
Kowalik #1R	32	11,463	20	32	11,463	20
Turnbull #1H	76	19,791	88	176	72,469	206
Turnbull #2H	77	23,145	85	108	34,345	110
Turnbull #3H	183	60,546	91	229	78,587	111
Turnbull #4H	13	7,638	7	13	7,638	7
Patino #1H	257	27,067	66	257	27,067	66
Franke #1H	28	7,886	14	28	7,886	14
Total	**1,468**	**320,643**	**896**	**3,970**	**763,093**	**1,950**

The Aurora cumulative share of production from post farmout wells during the quarter was 38.7 mmscf and 13,225 bbls before royalties of approximately 25%.

At the year end the average production over a 10 day period was as follows:-

	Boepd[1]	Average mmscf/d	Average bbl/d
Gross Production from Acreage that Aurora Participates	9,860	24.3	5,808
Gross AUT Production without cost recovery	1,775	4.38	1,046
Gross AUT Production (after farmin cost recovery & pre Royalties)	926	2.28	546
AUT Net Production (after Royalty and cost recovery)	686	1.69	404

Due to the cost recovery mechanism provided for in the Farmout agreement Hilcorp receives all revenue from the farmin wells until having recovered the cost of those operations plus 12%.

The farmout cost recovery mechanism divides the farmin workscopes into four separate cost recovery pools, the 3 Sugarloaf recompletions, the 3 new Sugarloaf wells, the 3 new Longhorn wells and the new Ipanema well. The Capex and Opex costs for each recovery pool are dealt with separately. Based on reporting to date and internal estimates it is estimated that the Sugarloaf cost pools will payout during Q1 2011.

Hilcorp has been optimizing well recovery through reservoir management techniques. Early production has been restricted in order to maintain reservoir pressure and well performance. This approach has proven to be very successful in other shale plays such as

[1] Reference to "boes" may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf : 1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead

the Haynesville and early indications from wells that have been 'choked back' are that decline rates have been significantly reduced and ultimate recoveries projections are expected to improve.

Netherland, Sewell & Associates Inc reserve report

On the 18th August 2010 Aurora announced its maiden reserve report for the Sugarkane acreage which was carried out independently by the Houston based team of Netherland, Sewell & Associates Inc ("NSAI"). This report was prepared in accordance with the definitions and guidelines set forth in the 2007 Petroleum Resource Management System approved by the Society of Petroleum Engineers. On 8th December 2010, NSAI, an independent qualified reserves evaluator under NI 51-101, prepared a report that restated the Company's reserves in accordance with the *Canadian Oil and Gas Evaluation Handbook* ("COGE Handbook") and NI 51-101 (the "Reserve Report").

The Reserve Report provided the following estimates of net reserves and of future net revenues associated with such reserves with an effective date of 1st July 2010, without giving affect to the recent acquisition:

- Proved reserves – 1.5 mmbbls of crude oil and condensate and 8.3 Bcf of natural gas net to Aurora, with a net present value of future net revenue, before income taxes and discounted at 10% (a "NPV(10)")[2] of US$69.2 million.

- Proved plus Probable reserves – 4.3 mmbbls of crude oil and condensate and 24.9 Bcf of natural gas net to Aurora, with a NPV(10) of US$186.0 million.

- Proved plus Probable plus Possible[3] reserves – 33.2 mmbbls of crude oil and condensate and 138.0 Bcf of natural gas net to Aurora, with a NPV(10) of US$942.4 million.

NSAI is presently working on a new report to update the information on which the Reserves Report is based, to reflect the increased working interest that Aurora now holds across the Sugarkane Field, the increase in producing well count from 6 to 15 and the additional production history that is now available. Seven of the additional 9 producing wells were drilled at well locations that were designated as Possible reserves in the last report. The process applied by NSAI in determining Proved and Proved plus Probable reserves sees the conversion of Possible category reserves to Proved and Proved plus Probable reserve categories as additional new wells are drilled and placed on production. Aurora expects that the planned 2011 drilling program will result in the transition of most Possible reserves to Proven and Probable categories.

Aurora expects to be in receipt of the updated NSAI reserves report as early as the end of February and such report will have an effective date of January 1 2011. Further reserve updates are planned on a 6 monthly basis.

Regional Eagle Ford Shale activity

Industry activity, both at an operational and corporate level, has continued over the reporting quarter. This includes over US$5.5 billion of publicly announced transactions

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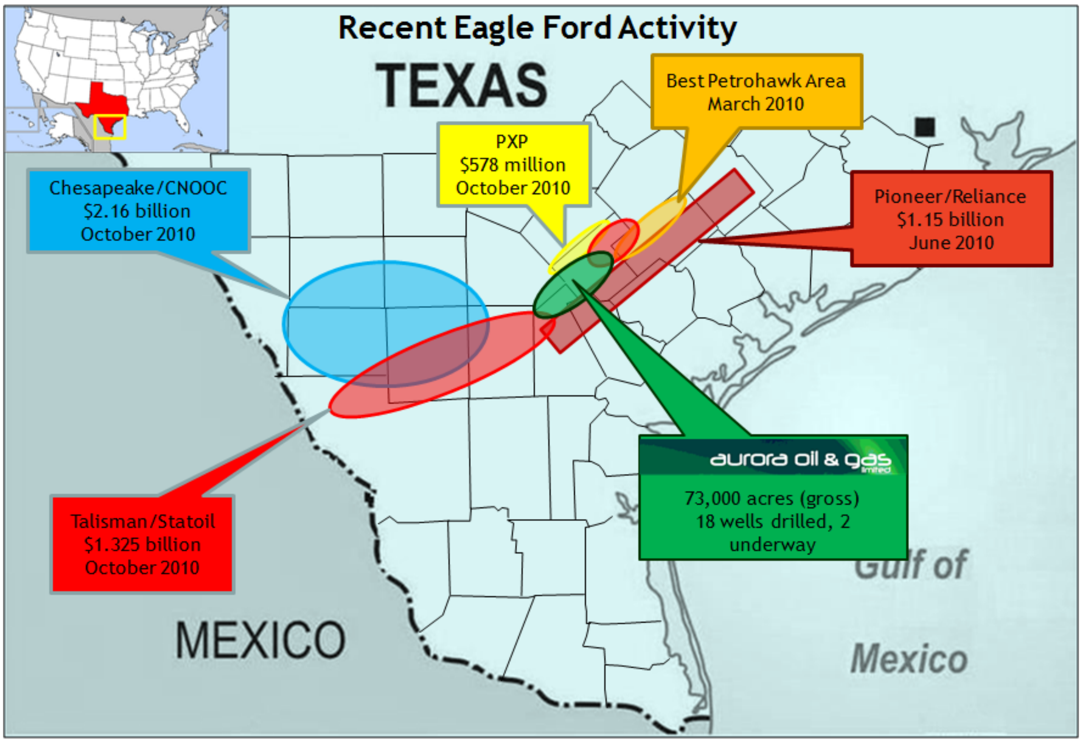
[2] All evaluations of future revenue are, after the decuction of royalties, development costs, production costs, local taxes and well abandonment costs but before consideration of income tax and indirect costs such as administrative, overhead and other miscellaneous expenses. The estimated future net revenue referred to herein does not represent the fair marked value of the Companies reserves.

[3] Possible reserves are those reserves that are less certain to be recovered than Probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of the Proved plus Probable plus Possible reserves.

within the Eagle Ford shale since June 2010. This has led to a number of international majors entering the trend and a continued escalation of drilling and infrastructure activity.

The map below shows the location some of the largest recent Eagle Ford shale transactions.



Recent points of interest:

Much of the industry focus in the December quarter has been on increasing the well count across acreage allowing for continued optimizing of drilling, completion and production management techniques to improve well performance.

Industry reports indicate that there are now more than 120 rigs operating across the trend with nearly all participants looking to ramp up their activity further in the next 12 months. Some 58 rigs are expected to operate in 2011 within Eagle Ford shale acreage surrounding Aurora's acreage alone by the likes of ConocoPhillips (11), EOG (14), Petrohawk (13) and Pioneer Natural Resources (10).

A number of the larger players who are active across acreage in what Aurora believes is the sweet spot within the Eagle Ford shale play, have been revising their expectations of the performance following very encouraging well results.

EOG has for example has recently increased the Expected Ultimate Recovery ("EUR") per well in their Eastern Area adjacent to the North of Sugarkane by 20% from 385 mboe net (481 mboe gross) to 460 mboe net (575 mboe gross) per well.[4]

To put this in perspective, the Reserves Report prepared by NSAI for Aurora provides for a gross EUR of 465 mboe per well within the volatile oil zone that is adjacent to EOG's Eastern Acreage.

[4] EOG Eagle Ford Shale Presentation April 2010 & January, 2011

Petrohawk's chairman and chief executive officer Floyd Wilson also recently said that "Estimated ultimate recoveries at Black Hawk have fallen mostly in the 500,000-750,000 boe/well range, but the last few wells look like 1 million boe" [5]

Furthermore, other operators have highlighted that their blended EUR across acreage that appears to be predominantly in the lower pressure oil zone to the west of Aurora's acreage is as high as 595 mboe per well.

CORPORATE

ACQUISITION OF ADDITIONAL INTERESTS IN THE SUGARKANE FIELD

On the 10th December 2010, Aurora announced that it had agreed to acquire an additional 5,100 net acres within the Sugarkane Field for US$120 million cash. The interests are across the three AMIs in which Aurora currently participates (Longhorn, Ipanema and Sugarloaf) and a fourth adjacent area known as Excelsior (the "Acquisition"). All four AMIs are located within the Sugarkane Field, onshore United States, in the liquids rich area of the Eagle Ford shale trend.

NSAI has prepared and provided to Aurora an estimate of additional reserves associated with the Acquisition and the future net revenue of such reserves in accordance with the COGE Handbook and NI 51-101, as at July 1, 2010, using the same assumptions regarding forecast prices and costs as in the Reserves Report. The Acquisition is highly accretive on a reserves and net present value basis, with equivalent estimated additional net Proved plus Probable reserves of 3.64 mmboe, and an additional net Proved plus Probable plus Possible[6] reserves of 26 mmboe, attributed to the acquired interests. This would increase Aurora's overall estimated Proved plus Probable reserves to 12.1 mmboe and its Proved plus Probable plus Possible reserves to 82 mmboe as at July 1, 2010. The NPV(10) of Proved plus Probable plus Possible reserves is estimated to be approximately US$431 million.

Key aspects of the Acquisition are as follows:

- Acquisition of an additional 5,100 net acres across 4 AMIs within the Sugarkane Field, increasing Aurora's total Sugarkane Field net acreage by approximately 50% to over 15,600 acres
- Additional estimated net reserves and net present value of future net revenues associated with such additional reserves under the NSAI estimates as follows:
  - Proved – 0.5 mmbbls of crude oil and condensate and 3.4 Bcf of natural gas net to Aurora, with an NPV(10) of US$25.2 million.
  - Proved plus Probable – 1.8 mmbbls of crude oil and condensate and 11.1 Bcf of natural gas net to Aurora, with an NPV(10) of US$76.5 million.
  - Proved plus Probable plus Possible – 16.4 mmbbls of crude oil and condensate and 56.8 Bcf of natural gas net to Aurora, with an NPV(10) of US$431.2 million.
- The acreage acquired is all located within the "sweet spot" of the Eagle Ford Shale trend in the Sugarkane Field
- All additional acreage operated by Hilcorp Energy Inc
- The additional acreage is within the Company's existing area of focus and represents a low risk development with the potential for reserves upside
- Aurora will now participate in approximately 60 new wells during calendar year 2011 for a total of approximately 80 wells across the 4 AMI's by year end

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[5] OGJ Jan 12, 2011 "Eagle Ford key in Petrohawk's transition to oil"

[6] Possible reserves are those reserves that are less certain to be recovered than Probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of the Proved plus Probable plus Possible reserves

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The acquisition was settled on the 24th December 2010 with Aurora's revised interests in the Sugarkane Field being:

AMI	Gross Acreage	AUT WI %	Net Acreage
Sugarloaf	23,500	15.7	3,700
Longhorn	27,000	31.9	8,600
Ipanema	4,600	36.4	1,700
Excelsior	17,900	9.1	1,600
Total	**73,000**		**15,600**

CAPITAL RAISINGS

In November 2010, Aurora completed the second tranche of a two tranche private placement which raised intotal, over the two tranches A$70 million before issue costs. A total of 56 million shares were issued to clients of Euroz Securities Limited at A$1.25 per share.

Later in the quarter Aurora announced that it had reached agreement for a combined A$120 million underwritten equity raising to assist in the financing of the acquisition of additional interests in the Sugarkane Field. The equity raising was via a two tranche offering of 75 million securities consisting of 68.562 million ordinary shares (Shares) at A$1.60 per Share and 6.178 million special warrants (Special Warrants) at C$1.60 per Special Warrant to institutional and sophisticated investors (Underwritten Placement). The Underwritten Placement issue price represented a 9% discount to the five day volume weighted average price of Shares prior to announcement of the Acquisition.

Euroz Securities Limited acted as Lead Manager and Underwriter for A$60 million of the offering, with TD Securities Inc. and GMP Securities L.P (as Co-Lead Underwriters) together with FirstEnergy Capital Corp underwriting A$60 million of the offering.

On 22nd December, Aurora completed Tranche 1 of the Underwritten Placement as follows:

- the allotment and issue to clients of Euroz Securities Limited of 24,750,000 Shares at A$1.60 per Share to raise gross proceeds of A$39,600,000; and
- the allotment and issue to clients of TD Securities Inc., GMP Securities L.P and FirstEnergy Capital Corp. of 20,672,520 Shares at A$1.60 per Share to raise gross proceeds of A$33,076,032 and 3,417,480 Special Warrants at C$1.60 per Special Warrant to raise gross proceeds of C$5,467,968.

Each Special Warrant is exercisable at any time to acquire, without additional consideration, one ordinary share in the capital of the Company which will rank equally with existing ordinary shares.

Settlement of Tranche 2 of the Underwritten Placement comprising 23,399,480 Shares to raise gross proceeds of A$37,439,168 and 2,760,520 Special Warrants to raise gross proceeds of C$4,416,832 (before costs of issue), occurred on 25 January 2011 following shareholder approval at a General Meeting held on 24 January 2011.

CHANGE OF YEAR END AND PRESENTATIONAL CURRENCY

On 24 December , 2010, Aurora announced that its financial year end will change from 30 June to 31 December , beginning with the six-month period ended 31 December, 2010, and that the presentational currency of Aurora's financial statements has changed from Australian dollars to United States dollars effective from 1 July 2010.

QUARTERLY CASH FLOW REPORT FOR THE PERIOD ENDED 31 DECEMBER 2010

Please find attached the Company's Appendix 5B for the period to 31 December 2010. The cash flow report has been presented in United States dollars.

Yours sincerely
AURORA OIL & GAS LIMITED

Jon Stewart
EXECUTIVE CHAIRMAN

Technical information contained in this report in relation to the Sugarkane Field was compiled by Aurora from information provided by the project operator and other publicly available sources. It has been 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.

This news release shall not constitute an offer to sell or the solicitation of an offer to buy securities in the United States nor shall there be any sale of the securities in any jurisdiction in which such an offer, solicitation or sale would be unlawful. The securities offered have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the Securities Act), or any state securities laws and may not be offered or sold in the United States or to U.S. persons (as defined in Regulation S under the Securities Act) except in compliance with the registration requirements or an applicable exemption from the registration requirements of the Securities Act and applicable state securities laws.

This document contains forward-looking statements which reflect management's expectations relating to, among other things, target dates, Aurora's *expected drilling program,* the anticipated benefits of acquisitions and the ability to fund development, *and can generally be identified by words such as "will", "expects", "intends",* "believes", "estimates", "anticipates" or *similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. These statements are not historical facts but instead represent management's expectations, estimates and projections regarding future events. Statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that some or all of the resources and reserves described can be profitably produced in the future.*

Although management believes the expectations reflected in such forward-looking statements are reasonable, forward-looking statements are based on the opinions, assumptions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. In addition, if any of the assumptions or estimates made by management prove to be incorrect, actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this document. Such assumptions include, but are not limited to, general economic, market and business conditions and corporate strategy. Accordingly, investors are cautioned not to place undue reliance on such statements.

All of the forward-looking information in this document is expressly qualified by these cautionary statements. Forward-looking information contained herein is made as of the date of this document and Aurora disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise, except as required by law.

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

AURORA OIL & GAS LIMITED

ABN	Quarter ended ("current quarter")
90 008 787 988	31 December 2010

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter US$'000	Year to date (6 months) US$'000
1.1	Receipts from product sales and related debtors	-	30
1.2	Payments for (a) exploration & evaluation	-	-
	(b) development	(10,169)	*(12,799)
	(c) production	-	-
	(d) administration	(1,066)	(1,606)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	338	422
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	Net Operating Cash Flows	(10,897)	(13,953)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects	(120,809)	(120,809)
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	181
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	(120,809)	(120,628)
1.13	Total operating and investing cash flows (carried forward)	(131,706)	(134,581)

1.13	Total operating and investing cash flows (brought forward)	(131,706)	(134,581)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	147,817	163,186
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 (provide details if material)	-	-
	Issue Costs	(7,727)	(8,546)
	Net financing cash flows	140,090	154,640
	Net increase (decrease) in cash held	8,384	20,059
1.20	Cash at beginning of quarter/year to date	37,211	24,324
1.21	Exchange rate adjustments to item 1.20	403	1,615
1.22	**Cash at end of quarter**	45,998	45,998

**US$2,630,000 of development expenditure was incorrectly classified as exploration expenditure in the US dollar Appendix 5B for the quarter to 30 September 2010 lodged with the notice of change in accounting year end.*

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 US$'000
1.23	Aggregate amount of payments to the parties included in item 1.2	(317)
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

Directors’ fees, consulting fees, legal fees and rent. 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

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available US$'000	Amount used US$'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	US$'000
4.1 Exploration and evaluation	-
4.2 Development	24,000
4.3 Production	200
4.4 Administration	750
Total	**24,950**

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 US$'000	Previous quarter US$'000
5.1 Cash on hand and at bank	43,930	33,569
5.2 Deposits at call	2,068	3,642
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	45,998	37,211

+ See chapter 19 for defined terms.

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	Ipanema AMI	Working Interest (Net movement represents a reduction in WI to 30% due to completion of farmout plus an additional 6.4% interest acquired in the quarter).	80%	36.4%
6.2	Interests in mining tenements acquired or increased	Sugarloaf AMI Longhorn AMI Excelsior AMI	Working Interest Working Interest Working Interest	10% 25% -	15.7% 31.9% 9.1%

+ See chapter 19 for defined terms.

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) AU$ = Australian Dollar C$ = Canadian Dollar	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*	-	-	-	-
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	- -	- -	- -	- -
7.3	**+Ordinary securities**	380,037,862	380,037,862	Various	Fully Paid
7.4	Changes during quarter (a) Increases through issues Placement Option Exercise (b) Decreases through returns of capital, buy-backs	56,000,000 45,422,420 250,000 -	56,000,000 45,422,520 250,000 -	AU$1.25 AU$1.60 AU$0.60 -	Fully Paid Fully Paid Fully Paid -
7.5	**+Convertible debt securities** *(description)*	-	-	-	-
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	- -	- -	- -	- -
7.7	**Options** *(description and conversion factor)*			*Exercise price*	*Expiry date*
	Incentive options	250,000	-	AU$0.50	30 Mar 2011
	Consultant options	500,000	-	AU$0.70	31 Dec 2011
	Incentive options	450,000	-	AU$ Various	9 Nov 2015
7.8	Issued during quarter Incentive options	450,000	-	AU$ Various	9 Nov 2015
7.9	Exercised during quarter Consultant options	250,000	-	AU$0.60	31 Dec 2010
7.10	Expired during quarter	-	-	-	-
7.11	**Performance rights**			*Exercise price*	*Expiry date*
7.12	Performance rights plan	3,690,000	-	-	19 Feb 2015
	Change during quarter (a) Increase through issue (b) Exercised during quarter	- -	- -	- -	

+ See chapter 19 for defined terms.

7.13 7.14	**Special warrants** Changes during quarter (a) Increase through Special Warrants issues (b) Decrease through securities matured, converted	3,417,480 -	- -	C$1.60 -	Fully Paid -
7.15	**Debentures** *(totals only)*	-	-		
7.16	**Unsecured notes** *(totals only)*	-	-		

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 5).

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

Sign here: ______________________ Date: 31 January 2011
(~~Director~~/Company secretary)

Print name: Julie Foster

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.

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+ See chapter 19 for defined terms.