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For immediate release

16 May 2012

A\$120 million Underwritten Equity Raising

Highlights

- **Underwritten equity placement to raise approximately A\$120 million**
- **Net proceeds to fund development across increased Sugarkane Field net acreage**

Aurora Oil & Gas Limited (ASX:AUT, TSX:AEF) ("**Aurora**") is pleased to announce an A\$120 million underwritten equity raising through the issue of 33.8 million ordinary shares at either A\$3.55 or C\$3.55 per share (the "**Underwritten Placement**"). Of these ordinary shares, Aurora will offer 18 million ordinary shares at a price of C\$3.55 per share pursuant to a short form prospectus in Canada. The remaining ordinary shares are to be placed to institutional and sophisticated investors in Australia and elsewhere (other than Canada).

The issue is to be undertaken under Aurora's 15% placement capacity and is not subject to shareholder approval. Settlement of the Underwritten Placement is expected on 24 May 2012 and 1 June 2012 for the placement and Canadian prospectus offering, respectively.

Euroz Securities Limited and TD Securities Inc. are acting as Joint Lead Managers and lead Australian and Canadian Underwriters respectively. GMP Securities L.P. and Macquarie Capital Markets Canada Ltd. are acting as Canadian Co-Managers, with Credit Suisse (Australia) Limited, UBS AG, Australia Branch and GMP Securities Australia Pty Limited as Australian Brokers to the placement.

A further A\$4.0 million is to be raised, subject to shareholder approval, through the issue of 1.1 million ordinary shares at A\$3.55 each to certain directors of the Company. Aurora intends to convene a meeting of shareholders to be held in June 2012 to consider this issue of shares to directors.

Jon Stewart, Aurora's Executive Chairman and Chief Executive Officer said "We are pleased with the results of the global offer, which was sized and priced appropriately in conjunction with our lead underwriters in light of the current global market conditions. This level of equity raise is more than sufficient to ensure the Company is adequately funded for its current and planned development program and operations, the completion of the recently announced Sugarloaf acquisition, additional working capital in relation to this acquisition and our offer for Eureka Energy Limited."

Closing of the proposed equity issuances are subject to TSX approval. In connection with the Canadian public offering, Aurora will file an amended and restated preliminary short form prospectus with the securities regulatory authorities in each of the Provinces of Canada. The amended and restated short form preliminary prospectus will be available on SEDAR at www.sedar.com.

HEAD OFFICE

Level 20, 77 St. George's Terrace, Perth WA 6000, Australia

GPO Box 2530, Perth WA 6001, Australia

t +61 8 9440 2626

f +61 8 9440 2699

e info@auroraog.com.au

Aurora Oil & Gas Limited ABN 90 008 787 988



Sugarloaf Acquisition

On 14 May 2012, Aurora announced an agreement to acquire an additional 6% non operated working interest in the Sugarloaf Area of Mutual Interest ("**AMI**") from a private individual owner (and not from the operator of the acreage, Marathon Oil EF LLC, or from anyone with whom Aurora has previously transacted) for US\$95 million cash (the "**Acquisition**"). The Sugarloaf AMI is located within the Sugarkane Field, onshore United States, in the liquids rich area of the Eagle Ford shale trend. Aurora already participates in the Sugarloaf AMI and upon completion of the Acquisition will see its working interest increase from 15.8% to 21.8%. The Acquisition will provide an additional 1,442 net acres resulting in Aurora's acreage in the Sugarkane Field increasing by approximately 9% from 16,365 to over 17,800 net acres.

Use of Proceeds

Net proceeds from the Underwritten Placement will be used to fund the development costs associated with the increased Sugarkane Field acreage position and for working capital.

Pro forma net cash after completion of the Acquisition and Underwritten Placement is expected to be approximately US\$233 million¹. The Company has additional liquidity with its undrawn revolving credit facility borrowing base of US\$85 million².

Through a combination of production revenue, existing cash on hand (including proceeds of the Underwritten Placement) and availability under the revolving credit facility, Aurora is sufficiently capitalised to meet its planned growth and development activities in 2012.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy any securities of Aurora in the United States or in any jurisdiction in which such offer, solicitation or sale would be unlawful. The securities to be offered have not been and will not be registered under the United States Securities Act of 1933, as amended, or any state securities laws, and may not be offered or sold within the United States absent registration or an applicable exemption from the registration requirements of the United States Securities Act of 1933, as amended, and applicable state securities laws.

Cautionary and Forward Looking Statements

Statements in this press release reflect management's expectations relating to, among other things, target dates, Aurora's expected drilling program, pro-forma cash position, the private placement to directors, the benefits of its proposed acquisitions and the ability to fund its development program are forward-looking statements, 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.

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

¹ Pro forma 31 March 2012 cash of US\$210 million, adjusted for US\$95 million costs of Acquisition and net, after costs, proceeds from Underwritten Placement and Directors placement converted at assumed exchange rate of AUD/USD of 1.0025 and CAD/USD of 1.0016.

² US\$300 million senior secured revolving credit facility, with an undrawn borrowing base of US\$85 million.

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the statements are made, and are subject to a variety of risks and uncertainties and other factors, which may cause the use of proceeds and expected closing date to be materially different from those expressed by the forward-looking statements. These factors include risks related to: exploration, development and production; oil and gas prices, markets and marketing; and the receipt of all regulatory and any third party approvals (including shareholder approval for the director private placement). 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 press release 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.

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