

23 July 2007

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

By e-Lodgement

Dear Sir/Madam

CAPITAL RAISING

Aurora Oil & Gas Limited (ASX:AUT) ("Company" or "Aurora") is pleased to announce a capital raising to provide additional working capital for activities, including drilling, infrastructure, seismic and land acquisition, on the Company's US oil & gas projects.

The capital raising consists of:

- A placement of 20 million shares at \$0.53 per share to professional and sophisticated investors to raise \$10.6 million before costs; and,
- A 1 for 10 non-renounceable rights issue at \$0.53 per share

PLACEMENT OF NEW SHARES

Aurora has agreed the placement of 20 million new fully paid ordinary shares at \$0.53 each, pursuant to s708 of the Corporations Act and otherwise to be issued on the same terms as the existing shares in the Company to professional and sophisticated investors. The Placement is currently being documented and upon issue the new shares will rank equally with existing fully paid ordinary shares. Placement Shares will be issued to clients of Bell Potter Securities Limited, Stripe Capital (corporate authorised representative of Australian Stockbroking and Advisory Services Ltd) and Tolhurst Noall Ltd.

The Placement is expected to raise \$10.6 million before costs and funds are to be applied towards drilling, infrastructure, seismic and land acquisition activities on the Company's US oil & gas projects and for general working capital. Shareholder approval is not required for the Placement, which is within the 15% limit available to the Company under Listing Rule 7.1.

NON-RENOUNCEABLE RIGHTS ISSUE

In conjunction with the Placement, Aurora will be offering eligible shareholders the opportunity to acquire additional shares in the Company at the same price as the placement to professional and sophisticated investors via a non-renounceable rights issue ("Rights Issue") on the basis of one (1) share for every ten (10) shares held at the record date.

Shares under the Rights Issue will be offered at \$0.53 per share. The maximum number of shares which may be issued under the Rights Issue is estimated to be approximately 18.25 million.

The record date for entitlements under the Rights Issue is 10 August 2007 and the due date for receipt of applications for shares pursuant to the Rights Issue is 1 November 2007. Participants in the Placement will also be eligible to subscribe for shares in the Rights Issue. The Rights Issue is not underwritten and any shortfall arising may be placed at the discretion of the Board.

Aurora Executive Chairman Jon Stewart said:

“The continued support of investors for our activities in the US is greatly appreciated. We are optimistic that the forthcoming period of activity will generate positive news flow and significant value for shareholders. In recognition of the continued support of our shareholders and given the timing of planned activities and expected results there from, we are also announcing a rights issue but not requiring applications to be lodged until 1 November 2007. We expect that shareholders will have the benefit of further results from operations ahead of making the decision to take up their rights.

Remedial cementation of the Sugarloaf-1 well has been completed without operational problems and tubing is presently being withdrawn in preparation for the fracture stimulation and test program.

The fracture stimulation of the Sugarloaf -1 well is presently expected to begin by mid August, subject to equipment availability.

The fracture stimulation of our North Belridge 26-2H well is also expected to start in mid August.

The drilling of our Sugarloaf-2 horizontal well is presently anticipated to commence towards the end of August.”

Yours sincerely
AURORA OIL & GAS

Alex Neuling
COMPANY SECRETARY