

6 June 2006

By e-Lodgement

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

Dear Sir/Madam

Aurora Places \$8M for Drilling and New Acquisitions

- **Exciting drilling program commences this week**
 - **North Belridge Oil discovery, California – first development well spuds this week. Second well expected August 2006**
 - **West Black Lake Gas discovery, Texas - first development well spuds mid June 2006**
 - **Sugarloaf Gas Prospect, Texas – major onshore gas target - exploration well spuds July - August 2006**
 - **Flour Bluff Gas Project, Texas – IN PRODUCTION - development drilling resumes Sept 2006**

- **A\$10 million cash after placement**

Aurora Oil & Gas Limited (ASX: AUT) has raised \$8 million for drilling of its existing US oil and gas assets and acquisition of new projects, by placing approximately 15 million new fully paid ordinary shares at \$0.53 each to Institutional and other Sophisticated Investors.

After receipt of the proceeds of the share issue, Aurora will have approximately \$10 million available to apply to the pursuit of attractive new opportunities in the USA and to additional development activity across its existing portfolio of four US projects. These funds are expected to be augmented by the recently announced bank credit committee approval of up to US\$10 million project finance for the Flour Bluff Gas Project.

Aurora Executive Chairman Jon Stewart said: "We are very pleased with the continued support for Aurora as we enter a period of significant activity at each of our US oil and gas projects, starting this week with a well at the North Belridge oil discovery in California.

"The North Belridge development well will be immediately followed by a development well at the West Black Lake gas discovery in Texas, scheduled to spud in mid June 2006.

"In July - August 2006 we expect to spud an exploration well at the Sugarloaf Gas project in Texas, one of the largest onshore gas targets in the USA.

“And in September 2006 we are scheduled to resume development drilling at the already producing Flour Bluff Gas Project in Texas. All these wells have already been paid for out of existing funds,” Mr Stewart said.

The placement, which is pursuant to s708 of the Corporations Act and will be issued on the same terms as existing shares, is currently being documented and the new shares will rank equally with existing fully paid ordinary shares. Shareholder approval is not required for the Placement, which is within the 15% limit available to the Company under Listing Rule 7.1.

Yours sincerely
AURORA OIL & GAS

Alex Neuling
COMPANY SECRETARY

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.