



February 28, 2014

PRELIMINARY FINAL REPORT FOR YEAR ENDED DECEMBER 31, 2013

Aurora Oil & Gas Limited ("Aurora") (ASX:AUT, TSX:AEF) is pleased to release its Preliminary Final Report for the year ended December 31, 2013. This report is unaudited and has been prepared in accordance with the requirements of the Australian Securities Exchange Listing Rule 4.3.A. Aurora had planned to release audited financial statements for the year ended December 31, 2013 by the end of February 2014 however, additional demands and competing priorities arising out of the February 7, 2014 Baytex offer (see below) have led the Board to defer the date for finalisation of the audited financial statements.

Management expects the Company's auditors will issue an unqualified audit opinion in respect of the financial statements for the year ended December 31, 2013 which are anticipated to be finalised and released together with other usual disclosure documents in late March 2014.

Baytex offer

On February 7, 2014 Baytex Energy Corp announced a proposed acquisition of Aurora for A\$4.10 per share. The announcement and related documents are available through our filings on the ASX platform at www.asx.com.au, on SEDAR at www.sedar.com or can be obtained from our website at www.auroraog.com.au.

About Aurora

Aurora is an Australian and Toronto listed oil and gas company active in the over pressured liquids rich region of the Eagle Ford Shale in Texas, United States. Aurora is engaged in the development and production of oil, condensate and natural gas in Karnes, Live Oak and Atascosa counties in South Texas. Aurora participates in over 80,200 highly contiguous gross acres in the heart of the trend, including over 22,200 net acres within the liquids rich zones of the Eagle Ford.

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For the year ended December 31, 2013

This preliminary final report for the year ended December 31, 2013 (previous corresponding reporting period: December 31, 2012) is provided to the Australian Securities Exchange under ASX Listing Rule 4.3.A.

The financial information disclosed in this preliminary final report for the year ended December 31, 2013 is unaudited and includes only the information required to be given to the ASX under listing rule 4.3.A. Management expects to release to the market the audited consolidated financial statements and Annual Report for the year ended December 31, 2013, the Annual Information Form for the year ended December 31, 2013, management's discussion and analysis ("MD&A") for the year ended December 31, 2013 and other disclosure documents in late March 2014.

All figures are reported in US dollars unless otherwise noted.

AUDIT

This report is based on accounts which are in the process of being audited. It is not considered likely any audit qualification will arise.

Julie Foster
Company Secretary

28th day of February 2014

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Year ended			
	December 31, 2013 US\$'000 (Unaudited)	December 31, 2012 US\$'000 (Audited)		
Revenue from ordinary activities	562,766	295,059	Increased	91%
Profit from ordinary activities after tax attributable to members	116,430	58,846	Increased	98%
Net profit from the period attributable to members	116,430	58,846	Increased	98%
Earnings per share (basic) (US cents)	25.97	13.60	Increased	91%
Net tangible assets per security (US\$)	1.27	1.01	Increased	26%
Dividends	No dividends have been paid or proposed for the year ended December 31, 2013 (2012: Nil).			

COMMENTARY ON RESULTS

Aurora Oil & Gas Limited provides the following commentary on its Appendix 4E Preliminary Final Report for the year ended December 31, 2013. Financial highlights for the 2013 year, including non-IFRS measures, compared to 2012 are:

	Year ended		% Change Favourable / (Unfavourable)
	December 31, 2013	December 31, 2012	
Financial			
Production revenue – Pre royalty	562,714	294,812	91%
EBITDAX ⁽¹⁾	328,552	167,472	96%
Per boe – (US\$/boe)	42.25	42.85	(1%)
Funds from operations ⁽¹⁾	273,346	139,888	95%
Per share – basic (US cents per share)	60.98	32.34	89%
Per boe – (US\$/boe)	35.15	35.79	(2%)
Net profit before tax	179,418	96,202	87%
Net profit after tax ⁽²⁾	116,430	58,846	98%
Per share – basic (US cents per share)	25.97	13.60	91%
Per boe – (US\$/boe)	14.97	15.06	(1%)
Adjusted net profit after tax ⁽¹⁾	117,412	63,044	86%
Per share – basic (cents per share)	26.19	14.57	80%
Net capital expenditures (including acquisitions)	609,450	700,855	(13%)
Net capital expenditures (excluding acquisitions)	494,210	440,855	12%
Operating			
Production – Pre royalties			
Natural gas (mscf/d)	24,976	11,548	116%
Light/medium oil (bbls/d)	8,508	5,198	64%
Condensate (bbls/d)	4,859	2,034	139%
NGL (bbls/d)	3,774	1,522	148%
Total oil equivalent (boe/d)	21,304	10,678	100%

(1) These financial measures are identified and defined below under "Non-IFRS Financial Measures" (refer to page 20).

(2) The income tax expense for the year ended December 31, 2013 of \$63 million reflects the annualized accounting deferred income tax expense for the year. No current income tax is due for payment for the 2013 year.

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	Year ended		
	December 31, 2013	December 31, 2012	% Change Favourable / (Unfavourable)
Revenue derived commodity price			
Natural gas (US\$/mscf)	3.81	2.95	29%
Light/medium oil (US\$/bbl)	99.46	99.28	-
Condensate (US\$/bbl)	98.62	100.72	(2%)
NGL (US\$/bbl)	32.06	33.20	(3%)
Netbacks			
	US\$/boe	US\$/boe	
Production revenue	72.37	75.43	(4%)
Royalties	(19.22)	(19.86)	(3%)
Production taxes	(2.40)	(2.58)	7%
Operating expenses	(5.41)	(6.27)	14%
Operating netback	45.34	46.72	(3%)
Depletion, depreciation and amortisation	(10.76)	(10.02)	(7%)
General and administrative expenses	(3.08)	(3.87)	20%
Finance costs	(7.65)	(7.17)	(7%)
Net profit before tax	23.07	24.61	(6%)
Net profit after tax	14.97	15.06	(1%)

The following commentary summarises and compares the Company's significant activities and results for the year ended December 31, 2013 to those reported in the previous corresponding reporting period.

Revenue from ordinary activities

Revenue for the year ended December 31, 2013 represents the sale of light/medium oil and condensate, NGLs and natural gas from a total of 387 gross wells on production at the end of the year. Of the total gross wells that were on production at December 31, 2013, 216 wells were on production at the beginning of the year, 11 producing wells were acquired as part of the acquisition of Axle Tree and Heard Ranch properties and 160 gross new wells were brought onto production during the year.

The average daily production rate, on a boe basis, during the year ended December 31, 2013 represents an increase of 100% over the corresponding year ended December 31, 2012. The increased production rate correlates to the significant number of new wells brought on production since December 31, 2012.

The 91% increase in revenue during the year ended December 31, 2013 over the comparative year ended December 31, 2012 was a direct result of increased production. The average blended revenue derived price of US\$72.37 per boe for the year ended December 31, 2013 is 4% lower than the corresponding year ended December 31, 2012, although individual commodity prices other than natural gas, were similar in the year ended December 31, 2013 to those achieved in the corresponding year.

Aurora derived 55% of its revenue for the year ended December 31, 2013 from oil sales compared to 64% in the corresponding year ended December 31, 2012. This was a result of increased NGL yields and hence a proportional increase in revenue from NGL sales and, an increase in hedging losses resulting from increased barrels of oil hedged during the current year (loss of US\$2.8 million realised during the current year compared to US\$0.1 million realised in year ended December 31, 2012). The increased contribution to total revenue from condensate, NGL and gas, during the current year has resulted in an overall lower blended production revenue derived price even though commodity prices, other than natural gas, remained comparable to those commodity prices experienced during the year ended December 31, 2012.

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Net profit after taxation

Net profit after tax of US\$116.4 million for the year ended December 31, 2013 represents a 98% increase over the year ended December 31, 2012. The increase in net profit after tax achieved during the year ended December 31, 2013 compared to the prior year is due to the increase in production resulting from an increase in the number of wells on production and the effects of the acquisition of a 100% working interest and operatorship of Axle Tree and Heard Ranches during the first quarter of 2013.

Modest increases on a per boe basis in finance costs associated with the offering of senior unsecured notes ("2020 Senior Note Offering") completed in March 2013, and depletion, depreciation and amortisation expense, due to the continuing increase in capital expenditure on new producing wells and field infrastructure, were offset by reductions in operating expenses on a per boe basis resulting from efficiencies associated with the installation of infrastructure and an oil pipeline.

Capital Expenditures

Capital expenditures during the year ended December 31, 2013 were related to the development of new wells and remediation of existing wells, installation of facilities, the acquisition of operated acreage and the procurement of equipment for both the operated and non-operated acreage. During 2013, US\$115 million of capital expenditure related to the acquisition of a 100% working interest and operatorship in approximately 2,700 net acres near to or adjacent to the Sugarkane Field – the Heard and Axle Tree Ranches.

Whilst overall capital expenditure decreased by 13% from the corresponding year ended December 31, 2012, field development capital expenditure increased by 12%. The overall decrease in capital expenditure in 2013 represents fewer acquisitions undertaken compared to 2012. In 2013 a total of US\$115 million was spent on acquisitions compared to US\$360 million in the corresponding year.

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Consolidated	
		December 31, 2013 US\$'000 (Unaudited)	December 31, 2012 US\$'000 (Audited)
Revenue from continuing operations	3	562,766	295,059
Other income	4	164	5,008
Total income		562,930	300,067
Expenses			
Royalties	5	(149,429)	(77,625)
Production and operating expenses	5	(60,766)	(34,581)
Depletion, depreciation and amortisation expense	5	(83,632)	(39,161)
Exploration and evaluation costs	5	(503)	(4,939)
Finance costs	5	(59,493)	(28,027)
Administrative expenses		(23,967)	(15,134)
Share-based payment expenses	5	(5,376)	(4,398)
Foreign exchange loss	5	(346)	-
Profit from continuing operations before income tax expense		179,418	96,202
Income tax expense	6	(62,988)	(37,356)
Net profit attributable to owners of the Company		116,430	58,846
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Changes in fair value on equity instruments measured at fair value through other comprehensive income		(405)	957
<i>Items that may be reclassified to profit or loss</i>			
Change in fair value of cash flow hedges		(2,942)	(1,154)
Other comprehensive (expenses) for the year net of tax		(3,347)	(197)
Total comprehensive income for the year attributable to owners of the Company		113,083	58,649
Earnings per share attributable to owners of the Company			
Basic earnings per share (US cents per share)	19	25.97	13.60
Diluted earnings per share (US cents per share)	19	25.51	13.35

The accompanying notes should be read in conjunction with the above consolidated statement of profit or loss and other comprehensive income.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Consolidated	
		December 31, 2013	December 31, 2012
		US\$'000 (Unaudited)	US\$'000 (Audited)
Current assets			
Cash and cash equivalents	7	42,379	67,584
Trade and other receivables	8	72,989	89,535
Total current assets		115,368	157,119
Non-current assets			
Other financial assets	9	210	842
Property, plant and equipment	10	156,243	71,063
Oil and gas properties	11	1,320,180	882,373
Derivative financial instruments	16	85	-
Total non-current assets		1,476,718	954,278
Total assets		1,592,086	1,111,397
Current liabilities			
Trade and other payables	12	205,922	180,619
Derivative financial instruments	16	5,937	1,535
Provisions	13	506	334
Total current liabilities		212,365	182,488
Non-current liabilities			
Borrowings	14	660,976	390,453
Deferred tax liabilities	15	145,684	83,523
Derivative financial instrument	16	-	114
Provisions	17	2,808	1,705
Total non-current liabilities		809,468	475,795
Total liabilities		1,021,833	658,283
Net assets		570,253	453,114
Equity			
Contributed equity	18	404,512	405,169
Share-based payment reserve	20	16,878	12,165
Fair value reserve	20	(7,459)	(7,054)
Foreign exchange reserve	20	(7,505)	(7,505)
Cash flow hedge reserve	20	(4,096)	(1,154)
Retained earnings	20	167,923	51,493
Total equity		570,253	453,114

The accompanying notes should be read in conjunction with the above consolidated statement of financial position.

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CONSOLIDATED STATEMENT OF CASH FLOWS

	Consolidated	
	December 31, 2013 US\$'000 (Unaudited)	December 31, 2012 US\$'000 (Audited)
Cash flows from operating activities		
Receipts from oil and gas sales	579,260	221,539
Payments to suppliers and employees	(243,023)	(67,433)
Other revenue	141	1,167
Interest paid	(48,148)	(11,151)
Net cash inflow from operating activities	288,230	144,122
	21	
Cash flows from investing activities		
Payments for capitalised oil and gas assets	(482,349)	(452,635)
Payment for property, plant and equipment	(89,062)	(51,352)
Payment of exploration, evaluation and development	-	(4,939)
Payment for other financial assets	-	(252)
Payment for acquisition of subsidiary, net of cash acquired	-	(98,765)
Interest received	52	247
Net cash (outflow) from investing activities	(571,359)	(607,696)
Cash flows from financing activities		
Proceeds from issues of shares	-	120,138
Share issue costs	(21)	(5,163)
Proceeds from borrowings	330,000	394,579
Repayment of borrowings	(60,000)	(39,000)
Borrowing costs	(11,124)	(11,558)
Purchase of shares by Aurora Oil & Gas Employee Share Trust	(804)	-
Net cash inflow from financing activities	258,051	458,996
Net increase / (decrease) in cash and cash equivalents	(25,078)	(4,578)
Cash and cash equivalents at the beginning of the financial year	67,584	70,246
Effect of exchange rates on cash holdings in foreign currencies	(127)	1,916
Cash and cash equivalents at the end of the financial year	42,379	67,584
	7	

The accompanying notes should be read in conjunction with the above consolidated statement of cash flows.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Contributed Equity	Other Reserve	Accumulated Profits / Losses	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at January 1, 2012	290,194	(7,749)	(7,353)	275,092
Profit for the year	-	-	58,846	58,846
Other comprehensive income				
Change in fair value of equity instruments measured at fair value through other comprehensive income	-	916	-	916
Change in fair value of cash flow hedges	-	(1,154)	-	(1,154)
Recognition of fair value of equity instruments measured at fair value through other comprehensive income on disposal	-	41	-	41
Total comprehensive income for the year	-	(197)	58,846	58,649
Transactions with owners, in their capacity as owners				
Contributed equity net of transaction costs	114,975	-	-	114,975
Options and performance rights expense recognised during the year	-	4,398	-	4,398
Balance as at December 31, 2012 (Audited)	405,169	(3,548)	51,493	453,114
Profit for the year	-	-	116,430	116,430
Other comprehensive income				
Change in fair value of equity instruments measured at fair value through other comprehensive income	-	(405)	-	(405)
Change in fair value of cash flow hedges	-	(2,942)	-	(2,942)
Total comprehensive income for the year	-	(3,347)	116,430	113,083
Transactions with owners, in their capacity as owners				
Contributed equity net of transaction costs	(657)	-	-	(657)
Options and performance rights expense recognised during the year	-	4,713	-	4,713
Balance as at December 31, 2013 (Unaudited)	404,512	(2,182)	167,923	570,253

The accompanying notes should be read in conjunction with the above consolidated statement of changes in equity.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF COMPLIANCE AND BASIS OF PREPARATION

(a) Statement of Compliance

This preliminary final report is a general purpose financial report and has been prepared in accordance with applicable Australian Accounting Standards, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*. The preliminary final report is also in compliance with ASX Listing Rule 4.3.A and the disclosure requirements of ASX Appendix 4E. Aurora is a for profit entity for the purpose of preparing the financial statements. The financial statements of Aurora Oil and Gas Limited also comply with International Financial Reporting Standards (IFRS) as adopted by the International Accounting Standards Board (IASB).

(b) Basis of Preparation

Aurora Oil and Gas Limited ("Company" or "Aurora") is a company incorporated in Australia whose shares are publically listed on the Australian Securities Exchange (ASX) and Toronto Stock Exchange (TSX). Aurora is the ultimate parent entity in the group.

This preliminary final report of the Company for the year ended December 31, 2013 comprises the financial statements for Aurora Oil and Gas Limited and its controlled entities ("Group" or "Consolidated Entity").

The amounts contained in the preliminary final report of the Company are presented in US dollars, which is the Company's functional currency, and rounded to the nearest thousand dollars (US\$'000) where rounding is applicable under the option available to the Company under ASIC class order 98/100. The Company is an entity which the class order applies.

This preliminary final report does not include all the notes of the type normally included in an annual financial report. Accordingly, the report should be read in conjunction with the annual financial report of the year ended December 31, 2012 and any public announcements made by Aurora Oil & Gas Limited during the year in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

2. SEGMENT INFORMATION

Management has determined, based on the reports reviewed by the CEO and the Executive Chairman and used to make strategic decisions, that the Group has one reportable segment being oil and gas exploration and production in the United States of America. The Group's management and administration office is located in Australia.

The CEO and the Executive Chairman review internal management reports on a monthly basis that are consistent with the information provided in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows. As a result no reconciliation is required, because the information as presented is used by the CEO and the Executive Chairman to make strategic decisions.

	December 31, 2013 US\$'000 (Unaudited)	December 31, 2012 US\$'000 (Audited)
Reportable segment revenue		
Revenue, including interest income, is disclosed below based on the reportable segment:		
Revenue from oil and gas exploration and production	562,714	294,812
Revenue from other corporate activities	216	5,255
	<u>562,930</u>	<u>300,067</u>
Reportable segment assets		
Assets are disclosed below based on the reportable segment:		
Assets from oil and gas exploration and production	1,546,701	1,041,143
Assets from corporate activities:		
Cash and cash equivalents	42,379	67,584
Other corporate assets	3,006	2,670
	<u>1,592,086</u>	<u>1,111,397</u>

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2. SEGMENT INFORMATION (CONTINUED)

	December 31, 2013 US\$'000 (Unaudited)	December 31, 2012 US\$'000 (Audited)
Reportable segment liabilities		
Liabilities are disclosed below based on the reportable segment:		
Liabilities from oil and gas exploration and production	1,016,834	655,090
Liabilities from corporate activities	4,999	3,193
	1,021,833	658,283
Reportable segment profit		
Profit / (loss) is disclosed below based on the reportable segment:		
Profit from oil and gas exploration and production	144,813	74,016
(Loss) from other corporate activities	(28,383)	(15,170)
	116,430	58,846

3. REVENUE

	Consolidated	
	December 31, 2013 US\$'000 (Unaudited)	December 31, 2012 US\$'000 (Audited)
From continuing operations		
<i>Sales revenue</i>		
Oil and gas sales	565,494	294,936
Realised (loss) on forward commodity price contracts	(2,780)	(124)
	562,714	294,812
<i>Other revenue</i>		
Interest	52	247
Total revenue from continuing operations	562,766	295,059

4. OTHER INCOME

	Consolidated	
	December 31, 2013 US\$'000 (Unaudited)	December 31, 2012 US\$'000 (Audited)
Notes		
Foreign exchange gain (i)	-	3,042
Net gain on sale of available-for-sale financial assets	-	770
Net gain on foreign currency derivatives not qualifying as hedges	-	1,167
Other	164	29
Total other income	164	5,008

- (i) During the year ended December 31, 2012 the Consolidated Entity recognised a foreign exchange gain in relation to the retranslation of Australian and Canadian dollar denominated balances.

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5. EXPENSES

Profit before income tax includes the following specific expenses:

	Notes	Consolidated	
		December 31, 2013 US\$'000 (Unaudited)	December 31, 2012 US\$'000 (Audited)
Royalties expense	(i)	149,429	77,625
Production and operating expense			
Sales taxes	(ii)	18,668	10,073
Operating expenses	(iii)	42,098	24,508
Total production and operating expenses		60,766	34,581
Depreciation and depletion expense			
Depletion	(iv)	74,703	35,959
Depreciation	(v)	8,929	3,202
Total depletion and depreciation expense		83,632	39,161
Share-based payment expenses			
Options		2,338	3,857
Performance rights		3,038	541
Total share-based payment expense	(vi)	5,376	4,398
Finance costs			
Interest expense		53,862	24,539
Amortisation of borrowing costs		4,370	2,638
Amortisation of debt premium and debt discount		32	289
Other financing fees		1,229	561
Total finance costs	(vii)	59,493	28,027
Exploration and evaluation costs written off	(viii)	503	4,939
Foreign exchange loss	(ix)	346	-

(i) Aurora pays royalties to the owners of the oil and gas rights on the land in which the Group owns lease interests. Royalties, as a percentage of production revenue, are payable in accordance with the terms of individual leasehold agreements and are generally payable for the production life of each well within the leasehold area.

(ii) Sales taxes include local state tax expense and severance tax payable in the State of Texas, USA.

(iii) Operating expenses include field operating costs and transportation of production.

(iv) Depletion is calculated based on estimated remaining Proven and Probable reserves.

(v) Depreciation is calculated using the reducing balance method to allocate the cost of property, plant and equipment over their useful lives.

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5. EXPENSES (CONTINUED)

- (vi) The Group has issued performance rights to key management personnel, including to executive directors, under Aurora's Long Term Incentive Plan ("LTIP"). The group has also issued options to executive management personnel and directors, including non-executive directors. For the year ended December 31, 2013 a performance right expense of US\$3,037,999 (December 31, 2012: US\$540,602) and an option expense of US\$2,337,738 (December 31, 2012: US\$3,857,063) were recognised.
- (vii) Finance fees were incurred in respect of the senior secured revolving credit facility entered into on November 8, 2011, the senior unsecured notes issued on February 8, 2012, the follow on notes issued on July 31, 2012 and the new offering of senior unsecured notes issued on March 21, 2013.
- (viii) Evaluation costs written off during the year ended December 31, 2013 consisted of evaluation expenditure that could not be directly attributable to the acquisition, construction or production of a qualifying asset providing probable future economic benefits to the entity.
- (ix) During the year ended December 31, 2013 the Consolidated Entity recognised a foreign exchange loss in relation to the retranslation of Australian and Canadian dollar denominated balances.

6. INCOME TAX EXPENSE

	Consolidated	
	December 31, 2013 US\$'000 (Unaudited)	December 31, 2012 US\$'000 (Audited)
(a) Income tax expense		
Current tax	-	-
Deferred tax	62,988	37,356
Income tax expense	<u>62,988</u>	<u>37,356</u>
(b) Reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax expense	<u>179,418</u>	96,202
Tax at the Australian statutory tax rate of 30% (December 31, 2012: 30%)	53,825	28,861
Tax effect of amounts that are not deductible (taxable) in calculating taxable income		
Share-based payment expense	774	1,157
Foreign exchange gains/(losses) not assessable	85	(1,026)
Revenue losses not previously recognised now brought to account (Expense) / benefit from a previously unrecognised temporary difference now recognised	(251)	(357)
Income tax rate differences	(904)	3,205
Other non-allowable deductions	9,149	5,359
Income tax expense	<u>310</u>	<u>157</u>
(c) Tax expense (income) relating to items of other comprehensive income		
Financial assets at fair value through other comprehensive income	(225)	1,509
Cash flow hedges	1,051	495
	<u>826</u>	<u>2,004</u>

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7. CASH AND CASH EQUIVALENTS

	Consolidated	
	December 31, 2013	December 31, 2012
	US\$'000	US\$'000
	(Unaudited)	(Audited)
<i>Held with Australian banks and financial institutions</i>		
Cash at bank and in hand	5,097	1,976
Deposits at call	89	104
<i>Held with US banks and financial institutions</i>		
Cash at bank and in hand	37,193	65,504
	42,379	67,584

(a) Risk exposure

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

(b) Deposits at call

Deposits at call held with Australian banks and financial institutions earn interest at 3.34% floating rate (December 31, 2012: 4.40%). Cash held with US banks earn interest at rates between 0% and 0.50%.

8. TRADE AND OTHER RECEIVABLES

	Consolidated	
	December 31, 2013	December 31, 2012
	US\$'000	US\$'000
	(Unaudited)	(Audited)
Trade receivables	72,989	89,535

(a) Trade receivables

Trade receivables represents revenue earned but not yet received from the production and sale of oil, condensate, natural gas and natural gas liquids.

(b) Impaired trade receivables

No Group trade receivables were past due or impaired as at December 31, 2013 (December 31, 2012: Nil) and there is no indication that amounts recognised as trade and other receivables will not be recovered in the normal course of business.

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9. OTHER FINANCIAL ASSETS

	Consolidated	
	December 31, 2013	December 31, 2012
	US\$'000	US\$'000
	(Unaudited)	(Audited)
Financial assets at fair value through other comprehensive income	210	842

(a) Significant interest in other financial assets

An interest in a financial asset is considered 'significant' when Aurora holds 5% or more of issued share capital. Aurora holds a significant interest in Elixir Petroleum Ltd. As at December 31, 2013, Aurora held 33,833,334 fully paid ordinary shares in Elixir Petroleum Ltd (December 31, 2012: 33,833,334), representing approximately 7.84% of its total issued capital. The market value of these securities at December 31, 2013 was US\$210,135 (December 31, 2012: US\$842,000).

Included in the statement of profit or loss and other comprehensive income is a loss of US\$(405,000) (December 31, 2012: US\$957,000) which represents the movement in the financial assets at fair value through other comprehensive income.

10. PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	December 31, 2013	December 31, 2012
	US\$'000	US\$'000
	(Unaudited)	(Audited)
Production facilities and field equipment		
Production facilities and field equipment at cost	166,127	73,685
Production facilities and field equipment accumulated depreciation	(12,351)	(3,876)
Total production facilities and field equipment	153,776	69,809
Office equipment		
Office equipment at cost	3,177	1,510
Office equipment accumulated depreciation	(710)	(256)
Total office equipment	2,467	1,254
Total property, plant and equipment	156,243	71,063

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11. OIL AND GAS PROPERTIES

	Consolidated	
	December 31, 2013 US\$'000 (Unaudited)	December 31, 2012 US\$'000 (Audited)
Producing projects		
At cost	1,361,592	917,501
Accumulated depletion	(118,778)	(41,207)
Net carrying value	<u>1,242,814</u>	<u>876,294</u>
Development projects		
At cost	77,366	6,079
Net carrying value	<u>77,366</u>	<u>6,079</u>
Total oil and gas properties	<u>1,320,180</u>	<u>882,373</u>

12. TRADE AND OTHER PAYABLES

	Consolidated	
	December 31, 2013 US\$'000 (Unaudited)	December 31, 2012 US\$'000 (Audited)
Trade payables and accruals	<u>205,922</u>	<u>180,619</u>

Trade and other payables are normally settled within 30 days from receipt of invoice. All amounts recognised as trade and other payables, but not yet invoiced, are expected to be settled within the next 12 months.

13. PROVISIONS – CURRENT

	Consolidated	
	December 31, 2013 US\$'000 (Unaudited)	December 31, 2012 US\$'000 (Audited)
Employee Benefits	<u>506</u>	<u>334</u>

14. BORROWINGS – NON CURRENT

	Consolidated	
	December 31, 2013 US\$'000 (Unaudited)	December 31, 2012 US\$'000 (Audited)
Secured		
Senior secured syndicated facility	-	30,000
Unsecured		
Senior unsecured notes	<u>660,976</u>	<u>360,453</u>
	<u>660,976</u>	<u>390,453</u>

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15. DEFERRED TAX LIABILITIES

	Consolidated	
	December 31, 2013 US\$'000 (Unaudited)	December 31, 2012 US\$'000 (Audited)
(a) Deferred tax asset		
<i>Arising from temporary differences attributable to:</i>		
Tax losses ⁽¹⁾		
Australia	1,046	216
United States	203,781	142,967
Share issue expense	671	464
Other	10,002	8,492
Available-for-sale financial assets	1,284	1,509
Cash flow hedge	1,547	495
Total deferred tax asset	218,331	154,143
Less set off of deferred tax liabilities under set-off provisions (b)	(218,331)	(154,143)
(b) Deferred tax liability		
<i>Arising from temporary differences attributable to:</i>		
Oil and gas properties	(358,816)	(232,547)
Management fees and borrowing costs	(5,199)	(5,119)
Total deferred tax liabilities	(364,015)	(237,666)
Less set off of deferred tax asset under set-off provisions (a)	218,331	154,143
Net deferred tax liabilities	(145,684)	(83,523)
Deferred tax liabilities expected to be settled within 12 months	-	-
Deferred tax liabilities expected to be settled after more than 12 months	(145,684)	(83,523)

1. The deferred tax liabilities arising from accumulated tax losses for US taxpaying entities and on US based oil and gas properties have been calculated at the marginal tax rate of 35%.

16. DERIVATIVE FINANCIAL INSTRUMENTS

	Consolidated	
	December 31, 2013 US\$'000 (Unaudited)	December 31, 2012 US\$'000 (Audited)
Forward commodity contracts – cash flow hedges		
Current	5,937	1,535
Non - current	(85)	114
Total derivative financial instrument liabilities	5,852	1,649

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17. PROVISIONS – NON-CURRENT

	Consolidated	
	December 31, 2013 US\$'000 (Unaudited)	December 31, 2012 US\$'000 (Audited)
Restoration provision	2,808	1,705
Reconciliation of movement in restoration provision		
Balance at the beginning of the financial year	1,705	565
Provision made during the year	1,103	1,140
Balance at the end of the financial year	2,808	1,705

Provisions for future removal and restoration costs are recognised where there is a present obligation as a result of exploration, development, production, transportation or storage activities having been undertaken, and it is probable that an outflow of economic benefits will be required to settle the obligation. The estimated future obligations include the costs of removing facilities, abandoning wells and restoring the affected areas.

18. CONTRIBUTED EQUITY

	December 31, 2013 Securities (Unaudited)	December 31, 2012 Securities (Audited)	December 31, 2013 US\$'000 (Unaudited)	December 31, 2012 US\$'000 (Audited)
Share capital				
Ordinary shares	448,785,778	447,885,778	405,148	405,169
Treasury shares ⁽¹⁾	(247,349)	-	(636)	-
Total contributed equity	448,538,429	447,885,778	404,512	405,169

1. Treasury shares are shares in Aurora Oil & Gas Limited that are held by the Aurora Oil & Gas Employee Share Trust for the purpose of issuing shares under the Aurora Oil and Gas Limited Long Term Incentive Plan.

19. EARNINGS PER SHARE

	Consolidated	
	December 31, 2013 US Cents (Unaudited)	December 31, 2012 US Cents (Audited)
(a) Earnings per share attributable to members of the Company		
Basic earnings per share	25.97	13.60
Diluted earnings per share	25.51	13.35
(b) Earnings used in calculation of basic / diluted earnings per share	US\$'000	US\$'000
Net Profit after tax	116,430	58,846
(c) Weighted average number of ordinary shares used as the denominator in calculating:	Shares	Shares
Basic shares	448,244,294	432,588,491
Diluted shares	456,428,258	439,407,647

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20. RESERVES AND ACCUMULATED LOSSES

	Consolidated	
	December 31, 2013	December 31, 2012
	(Unaudited)	(Audited)
(a) Share based payment reserve		
Balance at the beginning of the financial period	12,165	7,767
Share-based payment expense	5,376	4,398
Performance rights settlements	(663)	-
Closing balance	<u>16,878</u>	<u>12,165</u>
(b) Fair value reserve		
Balance at the beginning of the financial period	(7,054)	(8,011)
Change in financial assets at fair value through other comprehensive income	(630)	(593)
Recognition of fair value of equity instruments measured at fair value through other comprehensive income on disposal	-	41
Deferred tax	225	1,509
Closing balance	<u>(7,459)</u>	<u>(7,054)</u>
(c) Foreign exchange reserve		
Balance at the beginning of the financial period	(7,505)	(7,505)
Currency translation differences arising during the period/year	-	-
Closing balance	<u>(7,505)</u>	<u>(7,505)</u>
(d) Cash flow hedge reserve		
Balance at the beginning of the financial period	(1,154)	-
Change in derivative financial instruments at fair value through other comprehensive income	(3,993)	(1,649)
Deferred tax	1,051	495
Closing balance	<u>(4,096)</u>	<u>(1,154)</u>
(e) Retained earnings / (accumulated losses)		
Balance at the beginning of the financial period	51,493	(7,353)
Net profit for the year	116,430	58,846
Closing balance	<u>167,923</u>	<u>51,493</u>

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21. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Consolidated	
	December 31, 2013 US\$'000 (Unaudited)	December 31, 2012 US\$'000 (Audited)
Net Profit for the year	116,430	58,846
(i) Add / (less) non-cash items		
Depreciation, depletion and amortisation	83,632	39,161
Amortisation of borrowing costs	4,402	2,927
Exploration and evaluation costs expensed	-	4,939
Share based payment expense	5,376	4,398
Net gain on sale of available for sale assets	-	(770)
Net foreign exchange losses / (gains)	294	(3,146)
(ii) Add / (less) items classified as investment / financing activities:		
Net interest	(52)	(247)
Borrowing costs	1,229	563
(iii) Change in assets and liabilities during the financial year		
Decrease / (increase) in receivables	16,546	(73,273)
(Decreased) / increase in payables	(2,787)	73,126
Increase in deferred tax liability	62,988	37,356
Increase in employee provisions	172	242
Net cash provided by operating activities	288,230	144,122

As at December 31, 2013, the undrawn balance available to the Group under the senior secured revolving credit facility current borrowing base was US\$300,000,000 (December 31, 2012: US\$120,000,000).

22. EVENTS OCCURRING AFTER REPORTING DATE

The following events occurred subsequent to the end of the year:

- (a) On February 3, 2014 Aurora Oil & Gas Limited advised the market of its year end 2013 reserves which have been prepared by independent engineers at Ryder Scott Company LP to comply with Canadian NI 51-101 reporting requirements. For full disclosure and explanation of results the reader is referred to the announcement dated February 3, 2013.
- (b) On February 7, 2014 Aurora Oil & Gas Limited announced that it had entered into a Scheme Implementation Deed with Baytex Energy Corp. ("Baytex"). If the Scheme is implemented, Baytex will, via a wholly owned subsidiary, acquire 100% of Aurora for A\$4.10 cash per share. Implementation of the Scheme is subject to the satisfaction of a number of customary conditions. The Directors unanimously recommend Aurora shareholders vote in favour of the Scheme, and intend to vote all shares that they control in favour of the Scheme, in the absence of a Superior Proposal and subject to an Independent Expert concluding that the Scheme is in the best interests of shareholders.

Other than as disclosed above, no event has occurred since December 31, 2013 that would materially affect the operations of the Consolidated Entity, the results of the Consolidated Entity or the state of affairs of the Consolidated Entity not otherwise disclosed in the Consolidated Entity's financial statements.

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23. CONSOLIDATED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1.

Name of Entity	Jurisdiction of Incorporation / Formation	Class of Equity Interest	Equity Holding	
			December 31, 2013	December 31, 2012
			%	%
Aurora USA Oil and Gas, Inc. (formerly Corpus Christi Gas, Inc.)	Delaware	Common	100	100
Wardanup Oil and Gas, Inc.	Delaware	Common	100	100
Sugarloaf Oil and Gas, Inc.	Delaware	Common	100	100
Yallingup Oil and Gas, Inc.	Delaware	Common	100	100
Trigg Oil and Gas, Inc.	Delaware	Common	100	100
Aurora USA Development, LLC.	Texas	Membership interest	100	100
ATW Exploration Oil and Gas, Inc.	Delaware	Common	100	100
Eureka Energy Limited	Australia	Ordinary	100	100
Kiana Projects Pty Ltd	Australia	Ordinary	100	100
Hosston Holdings Pty Ltd	Australia	Ordinary	100	100
Hosston Oil and Gas, Inc. ⁽¹⁾	Delaware	Common	-	100
EKA 002, Inc.	Delaware	Common	100	100
EKA 003, Inc.	Delaware	Common	100	100
EKA 003, LLC.	Delaware	Membership interest	100	100
Aurora EF Production ⁽²⁾	Delaware	Common	100	-
Aurora Oil and Gas (Ontario) Limited	Ontario	Common	100	100
SIEB Operating, Inc. ⁽³⁾	Delaware	Common	100	-
Aurora Oil & Gas Employee Share Trust ⁽⁴⁾	Australia	Controlled	-	-

(1) During January, 2013 Hosston Oil and Gas, Inc. merged with and into Sugarloaf Oil and Gas, Inc.

(2) On February 27, 2013 the Company incorporated Aurora EF Production Company.

(3) On November 12, 2013 the Company incorporate SIEB Operating, Inc.

(4) On September 11, 2013 the Company executed the trust deed for Aurora Oil & Gas Employee Share Trust.

NON – IFRS FINANCIAL MEASURES

Within this report references are made to certain financial measures that do not have any standardized meanings prescribed by IFRS. Such measures are neither required by, nor calculated in accordance with IFRS, and therefore are considered Non-IFRS financial measures. Non-IFRS financial measures may not be comparable with the calculation of similar measures by other companies. Funds from operations, EBITDAX, net operating income, operating netback and adjusted net profit after tax are commonly used in the oil and gas industry.

EBITDAX

EBITDAX represents net income (loss) for the period before income tax expense or benefit, gains and losses attributable to the disposal of projects, finance costs, depletion, depreciation and amortization expense, other non-cash charges, expenses or income, one-off or non-recurring fees, expenses and charges and exploration and evaluation expenses.

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The following table reconciles net profit after tax to EBITDAX:

	December, 31 2013 US\$'000	December, 31 2012 US\$'000
Net profit after tax	116,430	58,846
<i>Adjustments:</i>		
Share based payment expense	5,376	4,398
Depletion, depreciation and amortisation expense	83,632	39,161
Interest income	(52)	(247)
Finance costs	59,493	28,027
Net foreign exchange loss / (gain)	346	(3,042)
Gain on foreign currency derivatives not qualifying as hedge	-	(1,167)
Other income	(164)	(29)
Net gain on sale of available for sale assets	-	(770)
Income tax expense	62,988	37,356
Exploration and evaluation costs	503	4,939
EBITDAX	328,552	167,472

Funds from Operations

Funds from operations represent funds provided by operating activities before changes in non-cash working capital. The following table reconciles net profit after tax to funds from operations:

	December, 31 2013 US\$'000	December, 31 2012 US\$'000
Net profit after tax	116,430	58,846
<i>Add/(less) non-cash items</i>		
Depletion, depreciation and amortisation expense	83,632	39,161
Amortisation of borrowing costs and discount / premium on financial instruments	4,402	2,927
Share based payment expense	5,376	4,398
Income tax expense	62,988	37,356
Net foreign exchange loss / (gain)	346	(3,042)
Employee benefit provision	172	242
Funds from operations	273,346	139,888

The Company considers funds from operations and EBITDAX as key measures as both assist in demonstrating the ability of the business to generate the cash flow necessary to fund future growth through capital investment. Neither should be considered as an alternative to, or more meaningful than net income or cash provided by operating activities (or any other IFRS financial measure) as an indicator of the Company's performance. Because EBITDAX excludes some, but not all, items that affect net income, the EBITDAX presented by the Company may not be comparable to similarly titled measures of other companies.

Adjusted Net Profit After Tax

Adjusted net profit after tax represents net profit after tax before non-recurring items. The following table reconciles net profit after tax to adjusted net profit after tax:

	December, 31 2013 US\$'000	December, 31 2012 US\$'000
Net profit after tax	116,430	58,846
<i>Adjustments for non-recurring items:</i>		
Income tax expense – change in estimated provision for the year ended December 31, 2011	-	3,011
Gain on foreign currency derivatives not qualifying as hedges	-	(1,167)
Net gain on sale of available for sale assets	-	(770)
Exploration and evaluation costs – Eureka Energy Limited	-	3,124
Income tax expense – change in estimated provision for the year ended December 31, 2012	982	-
Adjusted net profit after tax	117,412	63,044

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Management also uses certain industry benchmarks such as net operating income and operating netback to analyse financial and operating performance.

Net Operating Income

Net operating income represents net oil and gas revenue attributable to Aurora after distribution of royalty payments.

Operating Netback

Operating netback as presented, represents revenue from production less royalties, state taxes, transportation and operating expenses calculated on a boe basis. Management considers operating netback an important measure to evaluate its operational performance as it demonstrates its field level profitability relative to current commodity prices.

DEFINED RESERVES AND RESOURCE TERMS

- “bbls” means barrels.
- “boe” means barrels of oil equivalent and have been calculated using liquid volumes of oil, condensate and NGLs and treated volumes of gas converted using a ratio of 6 mscf to 1 bbl of liquid equivalent unless otherwise stated.
- “scf” means standard cubic feet.
- “m” or “M” prefix means thousand.
- “mm” or “MM” prefix means million.
- “NGLs” means natural gas liquids
- “b” or “B” prefix means billion.
- “/d” suffix means per day.

Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mscf: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. Given the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6 mscf:1 bbl, utilising a conversion ratio of 6 mscf:1 bbl may be misleading. Unless stated otherwise, all per boe references are a reference to Aurora’s per boe production on a working interest basis before deduction of royalties.