

ASX REVIEW

The review by the Australian Securities Exchange on recent share issues and the responses by the Company to matters raised by the ASX has now concluded. The Company believes in the interests of shareholders to agree with a directive by the ASX that it will seek pre-approval from shareholders for all share placements until 30 June 2022.

The ASX determined that a contract definition in the Lind Convertible Note that gives rise to the sub-\$9 million capitalisation should have been disclosed to shareholders prior to the cleansing statement, dated 13 March 2020. Aura Energy continues to maintain that disclosure of that particular clause at the initial release was not necessary as it was one of many prescribed adverse conditions, and it was not close to being activated. However, as a result the ASX determined Aura Energy exceeded its placement capacity based on Listing Rule 7.1.

The ASX has advised that the Company is entitled to make share issues under ASX LR 7.2 without shareholder approval. This listing rule permits, amongst other things, Aura Energy to raise monies by way of rights issues and share purchase plans in the ordinary manner.

The board of directors believe it is in the interests of all shareholders that the matters raised by the ASX be resolved however highlights that the board of directors entered into the Convertible Security Facility Agreement as it had a fiduciary obligation to shareholders to ensure that the tenements of the Company were in good standing and that the Company was a going concern. The Convertible Security Facility Agreement ensured this outcome as the Company had no other equity raising opportunities available by the end of April 2019.

Additional points:

- ASX determined AEE exceeded its capacity to issue equity by 781,791,184 equity securities under Listing Rule 7.1
- AEE is pursuant to Listing Rule 7.1A not entitled to an additional 10% placement capacity until at least its annual general meeting after 30 June 2022
- Ratification by security holders of the securities which exceeded capacity under LR 7.1 cannot be used to refresh AEE's capacity
- AEE was not entitled to rely on the Class Waiver as it had already exceeded its capacity under Listing Rule 7.1.

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