

AURA ENERGY LIMITED
ACN 115 927 681

ENTITLEMENT ISSUE PROSPECTUS

For a non-renounceable entitlement issue of one (1) Share for every four (4) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.03 per Share to raise up to \$1,572,855 (based on the number of Shares on issue as at the date of this Prospectus) (together with one (1) free attaching option (exercisable at \$0.06 expiring 1 September 2015) for every two (2) Shares subscribed for and issued (**New Option**)) (**Offer**).

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Shares and Options offered by this Prospectus should be considered as speculative.

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1. CORPORATE DIRECTORY

Directors

Peter Reeve (Non-Executive Chairman)
Dr Robert Beeson (Managing Director)
Brett Fraser (Non-Executive Director)
Julian Perkins (Non-Executive Director)

Company Secretary

Stanley Zillwood

Share Registry*

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth WA 6000

Telephone: 1300 787 272

Auditor

Bentleys
Level 1, 12 Kings Park Road
West Perth WA 6000

Registered Office

Suite 3, Level 1
19 Prospect Street
Box Hill VIC 3128

Telephone: + 61 3 9890 1744

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Email: info@auraenergy.com.au

Website: www.auraenergy.com.au

Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

* This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

2. TIMETABLE

| | |
|---|-----------------------------|
| Announce Offer and Notice sent to Option holders | Tuesday, 5 August 2014 |
| Lodgement of Prospectus with the ASIC | 8 August 2014 |
| Lodgement of Prospectus & Appendix 3B with ASX | 8 August 2014 |
| Notice sent to Shareholders | 11 August 2014 |
| Ex date | 12 August 2014 |
| Record Date for determining Entitlements | 5pm (WST), 14 August 2014 |
| Prospectus sent to Shareholders & Company announces this has been completed | 19 August 2014 |
| Last day to extend Closing Date | 28 August 2014 |
| Closing Date* | 5pm (WST), 2 September 2014 |
| Securities quoted on a deferred settlement basis | 3 September 2014 |
| ASX notified of under subscriptions | 5 September 2014 |
| Issue Date | 9 September 2014 |
| Quotation of Shares issued under the Offer* | 10 September 2014 |

*The Directors may extend the Closing Date by giving at least 3 Business Days notice to ASX prior to the Closing Date. As such the date the Securities are expected to commence trading on ASX may vary.

3. IMPORTANT NOTES

This Prospectus is dated 8 August 2014 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

Applications for Securities offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form or Shortfall Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

3.1 Risk factors

Potential investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in section 8 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

3.2 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in section 8 of this Prospectus.

4. CHAIRMAN'S LETTER

Dear Shareholder,

On behalf of the directors of Aura Energy Limited, I am pleased to offer you the opportunity to participate in this non-renounceable entitlement issue.

Each Shareholder who is eligible to participate in the offer will be entitled to subscribe for one share for every four shares registered in their name on 14 August 2014 at an issue price of \$0.03 per Share, together with one free attaching new option, that will be exercisable at \$0.06 at any time up to 1 September 2015, for every two shares subscribed for and issued.

Proceeds from this Offer if fully subscribed will strengthen the Company's balance sheet by some \$1.5 million to be used to commence the feasibility study for Reguibat, maintain the Company's tenements in Mauritania and Sweden, and for general working capital.

The Company has recently completed the Scoping Study of the Reguibat Uranium Project in Mauritania.

The study has confirmed an extremely robust project based on very shallow mineralisation upgraded via simple beneficiation to high-grade leach feed. This results in a leach plant requiring low upfront capital costs and low operating costs.

This Prospectus contains important information concerning your potential participation in the Offer, including:

- (a) the terms of the Offer;
- (b) instructions on "how to participate" should you choose to do so; and
- (c) a personalised Entitlement and Acceptance Form which details your rights, to be completed in accordance with the instructions provided.

Before making a decision to participate in the Offer, I recommend that you seek independent advice from your stockbroker, accountant or other professional advisor.

Yours sincerely,

Peter Reeve
Chairman

8 August 2014

5. DETAILS OF THE OFFER

5.1 The Offer

The Offer is being made as a non-renounceable entitlement issue of one (1) Share for every four (4) Shares held by Shareholders registered at the Record Date at an issue price of \$0.03 per Share (together with one (1) free attaching New Option for every two (2) Shares subscribed for and issued).

Based on the capital structure of the Company as at the date of this Prospectus, (and assuming no existing Options are exercised prior to the Record Date) a maximum of 52,428,510 Shares and 26,214,255 New Options will be issued pursuant to this Offer to raise up to \$1,572,855 (before costs of the Offer). No funds will be raised from the issue of the New Options.

As at the date of this Prospectus, the Company has 59,509,218 Options on issue, all of which may be exercised prior to the Record Date in order to participate in the Offer.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to section 7.1 for further information regarding the rights and liabilities attaching to the Shares.

All of the New Options offered under this Prospectus will be issued on the terms and conditions set out in section 7.2 of this Prospectus.

All Shares issued on conversion of the New Options will rank equally with the Shares on issue at the date of issue.

The purpose of the Offer and the intended use of funds raised are set out in section 6.1 of this Prospectus.

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

5.2 Minimum subscription

The minimum subscription in respect of the Offer is \$250,000. No Shares will be issued until the minimum subscription has been received. If the minimum subscription is not achieved within 4 months after the date of issue of this Prospectus, the Company will either repay the Application monies to the Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Application and be repaid their Application monies.

5.3 Acceptance

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
 - (i) complete the Entitlement and Acceptance Form; and

- (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form; or
- (b) if you only wish to accept **part** of your Entitlement:
 - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies (at \$0.03 per Share); or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

5.4 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Aura Energy Limited – Entitlement Issue Account" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than 5:00pm WST on the Closing Date.

5.5 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 4:00pm (WST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Any application monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

5.6 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the issue of this Prospectus. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.03 being the price at which Shares have been offered under the Offer.

The Directors reserve the right to issue Shortfall Securities at their absolute discretion. Accordingly, do not apply for Shortfall Securities unless instructed to do so by the Directors.

5.7 ASX listing

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

The Company will not apply for quotation of the New Options.

5.8 Issue

Securities issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Securities issued pursuant to the Shortfall Offer will be issued on a progressive basis. Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the issue of the Securities or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Securities issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Securities issued under the Shortfall Offer as soon as practicable after their issue.

5.9 Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

The Offer is being made in New Zealand pursuant to the Securities act (Overseas Companies) Exemption Notice 2013.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

5.10 Enquiries

Any questions concerning the Offer should be directed to Stan Zillwood, Company Secretary, on +61 3 9890 1744.

6. PURPOSE AND EFFECT OF THE OFFER

6.1 Purpose of the Offer

The purpose of the Offer is to raise up to \$1,572,855 (before costs of the Offer). No funds will be raised from the issue of the New Options.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

| Item | Proceeds of the Offer | Minimum Subscription (\$) | Full Subscription (\$) | % |
|------|------------------------------------|---------------------------|------------------------|------------|
| 1. | Commence Reguibat Feasibility | 0 | 800,000 | 51 |
| 2. | Maintain permits in good standing | 150,000 | 240,000 | 15 |
| 3. | Expenses of the Offer ¹ | 48,811 | 48,811 | 3 |
| 4. | Working capital | 51,189 | 484,044 | 31 |
| | Total | 250,000 | 1,572,855 | 100 |

Notes:

1. Refer to section 9.7 of this Prospectus for further details relating to the estimated expenses of the Offer.

In the event the Company raises more than the minimum subscription of \$250,000, the additional funds raised will be first applied towards expenses of the Offer and then on a pro-rata basis amongst the remaining items in the table above.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

6.2 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, will be to:

- (a) increase the cash reserves by \$1,524,044 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer;
- (b) increase the number of Shares on issue from 209,714,038 as at the date of this Prospectus to 262,142,548 Shares following complete of the Offer; and
- (c) increase the number of Options on issue from 59,534,218 as at the date of this Prospectus to 85,748,473 Options following completion of the Offer.

6.3 Pro-forma balance sheet

The auditor reviewed balance sheet as at 31 December 2013, adjusted balance sheet for 2014 transactions and the unaudited pro-forma balance sheet as at

31 December 2013 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted, no Options are exercised prior to the Record Date and including expenses of the Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

| | AUDIT REVIEWED 31 December 2013 | ADJUSTED for 2014 Transactions (Unaudited) | PROFORMA 30 June 2014 (Unaudited) |
|----------------------------------|------------------------------------|---|---|
| CURRENT ASSETS | | | |
| Cash ¹ | 589,652 | 570,182 ^{1,2,3,4,6,11} | 2,094,226 |
| Other current assets | 596,241 | 257,360 ¹ | 257,360 |
| TOTAL CURRENT ASSETS | 1,185,893 | 827,542 | 2,351,586 |
| | | | |
| NON-CURRENT ASSETS | | | |
| Plant & Equipment | 5,787 | 2,994 ¹² | 2,994 |
| Exploration ¹ | 14,245,849 | 13,243,172 ^{10, 11} | 13,243,172 |
| TOTAL NON-CURRENT ASSETS | 14,251,636 | 13,246,166 | 13,246,166 |
| | | | |
| TOTAL ASSETS | 15,437,529 | 14,073,708 | 15,597,752 |
| | | | |
| CURRENT LIABILITIES | | | |
| Creditors and borrowings | 377,645 | 488,872 ¹¹ | 488,872 |
| TOTAL CURRENT LIABILITIES | 377,645 | 488,872 | 488,872 |
| | | | |
| TOTAL LIABILITIES | 377,645 | 488,872 | 488,872 |
| | | | |
| NET ASSETS (LIABILITIES) | 15,059,884 | 13,584,836 | 15,108,880 |
| | | | |
| EQUITY | | | |
| Share capital | 27,759,558 | 28,354,302 ^{2,3,5,6} | 29,878,346 |
| Reserve | 1,953,376 | 981,259 ^{9,10} | 981,259 |
| Retained loss | (14,653,050) | (15,750,725) | (15,750,725) |
| TOTAL EQUITY | 15,059,884 | 13,584,836 | 15,108,880 |

Notes to the balance sheet above:

The effect of the Offer if fully taken up will be to increase cash reserves by \$1,524,044 after the costs of the Offer.

In the period after 31 December 2013 significant transactions included:

1. receipt of R&D grant funds for 2013, \$405,600;
2. finance agreement with Lind Finance that resulted in convertible note - \$250,000;
3. finance agreement with Lind Finance that resulted in issue of shares - \$150,000;
4. finance agreement with Lind Finance that resulted in receipt of prepayment for further shares - \$75,000;
5. finance agreement with Lind Finance that resulted in payment of facility fee by issue of shares - \$125,000;
6. finance agreement with Lind Finance that resulted in payment of financing \$15,000;
7. issue of shares to directors in lieu of fees - \$72,686;
8. issue of shares to consultants in lieu of payment - \$12,058;
9. impairment of tenement assets resulting from release by Company of those tenements - \$277,100;
10. unrealised exchange adjustments at 30 June 2014 - \$735,499;
11. payment for exploration and general working capital expenditure - \$852,000; and
12. depreciation for the period - \$2,793.

6.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, is set out below.

Shares

| | Number |
|--|--------------------|
| Shares currently on issue | 209,714,038 |
| Shares offered pursuant to the Offer | 52,428,510 |
| Total Shares on issue after completion of the Offer | 262,142,548 |

Options

| | Number |
|---|-------------------|
| Options currently on issue: | |
| (Quoted exercisable at 20 cents on or before 01/12/2014) | 35,789,218 |
| (Unquoted exercisable at 30 cents on or before 23/12/2014) | 375,000 |
| (Unquoted exercisable at 45 cents on or before 31/03/2016) | 570,000 |
| (Unquoted exercisable at 31 cents on or before 31/10/2014) | 3,500,000 |
| (Unquoted exercisable at 20 cents on or before 31/05/2015) | 1,000,000 |
| (Unquoted exercisable at 20 cents on or before 04/12/2016) | 200,000 |
| (Unquoted exercisable at 15 cents on or before 31/01/2015) | 6,625,000 |
| (Unquoted exercisable at 20 cents on or before 13/01/2016) | 2,250,000 |
| (Unquoted exercisable at 20 cents on or before 13/07/2016) | 6,625,000 |
| (Unquoted exercisable at 4.82 cents* on or before 06/03/2017) | 2,600,000 |
| New Options offered pursuant to the Offer (Quoted exercisable at \$0.06 on or before 1 September 2015) | 26,214,255 |
| Total Options on issue after completion of the Offer | 85,748,473 |

Note:

* The exercise price of the 2,600,000 Options shall be reduced in accordance with the ASX Listing Rules.

The capital structure on a fully diluted basis as at the date of this Prospectus would be 269,248,256 Shares and on completion of the Offer (assuming all Entitlements are accepted and no Options are exercised prior to the Record Date) would be 347,891,021 Shares.

No Shares or Options on issue are subject to escrow restrictions, either voluntary or ASX imposed.

6.5 Details of substantial holders

Based on publicly available information as at 31 July 2014, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

| Shareholder | Number | % |
|--|------------|--------|
| The Australian Special Opportunity Fund LP | 22,315,003 | 10.64% |
| Malcolm Weber | 13,710,937 | 6.54% |
| Technical Investing Pty Ltd | 12,407,418 | 5.92% |

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer.

7. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

7.1 Shares

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the

sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

7.2 Options

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph 7.2(j), the amount payable upon exercise of each Option will be \$0.06 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 1 September 2015 (**Expiry Date**). An Option not exercised before that time on the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) **Unquoted**

The Company will not apply for quotation of the Options on ASX.

(n) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

8. RISK FACTORS

8.1 Introduction

The Securities offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Securities.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

8.2 Company specific

Uranium risk

The Company is involved in exploring for uranium. Uranium mining is subject to extensive regulation by governments.

Nuclear energy is in direct competition with other more conventional sources of energy, which include gas, coal and hydro-electricity. Furthermore, any potential growth of the nuclear power industry (with any potential attendant increase in the demand for uranium) beyond its current level will depend on continued and increased acceptance of nuclear technology as a means of generating electricity.

The nuclear industry is currently subject to some negative public opinion owing to political, technological and environmental factors. This may have an adverse impact on the demand for uranium and increase the regulation of uranium mining.

8.3 General risks

(a) Operating

The operations of the Company may be affected by various factors, including failure to locate or identify uranium reserves, failure to achieve predicted metal or mineral product production rates, operational and technical difficulties encountered in production, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful evaluation and/or production of its project interests.

(b) **Sovereign Risk**

The Company's key project is located in Mauritania which is considered to be a developing country and, as such, subject to emerging legal and political systems compared with the system in place in Australia.

Possible sovereign risks include, without limitation, changes in the terms of mining legislation, changes to royalty arrangements, changes to taxation rates and concessions and changes in the ability to enforce legal rights. Any of these factors may, in the future, adversely affect the financial performance of the Company and the market price of its shares.

No assurance can be given regarding future stability in this or any other country in which the Company may have an interest.

(c) **Economic**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(d) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) changes in investor sentiment toward particular market sectors;
- (iv) the demand for, and supply of, capital; and
- (v) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(e) **Dividends**

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(f) **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each

investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

(g) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(h) **Speculative Investments**

Mineral exploration and mining are speculative operations that may be hampered by circumstances beyond the control of the Company. Profitability depends on successful exploration and/or acquisition of reserves, design and construction of efficient processing facilities, competent operation and management and proficient financial management. Project development in itself is a speculative endeavour, while mining operations can be hampered by force majeure circumstances and cost overruns for unforeseen events.

(i) **Exploration, Mining and Evaluation Risks**

The success of the Company depends on the delineation of economically mineable reserves from its resources, access to required development capital, movement in the price of commodities, securing and maintaining title to the Company's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration, development and mining activities.

Exploration, evaluation and development on the Company's existing exploration and mining tenements may be unsuccessful, resulting in a reduction of the value of those tenements, diminution in the cash reserves of the Company and possible relinquishment of the exploration and mining tenements.

(j) **Commodity Price and Exchange Rate Risks**

To the extent the Company is involved in mineral production the revenue derived through the sale of commodities may expose the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in US dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the

exchange rate between the US dollar and the Australian dollar as determined in international markets.

(k) **Environmental Risks**

The operations and proposed activities of the Company are subject to the laws and regulation of all jurisdictions in which the Company is operating concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The Company attempts to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

(l) **Native Title and Title Risks**

Interests in tenements are governed by the respective legislation in the jurisdiction in which the Company's tenements are located, and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

It is also possible that, in relation to tenements which the Company has an interest in or will in the future acquire such an interest; there may be areas over which legitimate common law native title rights exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be affected.

(m) **Joint Venture Parties, Agents and Contractors**

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party or the insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

(n) **Future Capital Requirements**

The Company's activities will require substantial expenditures. There can be no assurances that the Company will have sufficient capital resources, or that it will be able to obtain additional resources on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to shareholders and any debt financing if available may involve restrictive covenants, which limit the Company's operations and business strategy. The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

(o) **Potential Acquisitions**

As part of its business strategy, the Company may make acquisitions of or significant investments in companies, products, technologies or

resource projects. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products or resource projects.

(p) **Resource Estimations**

Resource estimates are expressions of judgment based on knowledge, experience and resource modelling. As such, resource estimates are inherently imprecise and rely to some extent on interpretations made. Despite employing qualified professionals to prepare resource estimates, such estimates may nevertheless prove to be inaccurate. Furthermore, resource estimates may change over time as new information becomes available. Should the Company encounter mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, resource estimates may need to be altered in a way that could adversely affect the Company's operations.

8.4 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares and New Options offered under this Prospectus

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares and New Options pursuant to this Prospectus.

9. ADDITIONAL INFORMATION

9.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

9.2 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:

- (i) the annual financial report most recently lodged by the Company with the ASIC;
- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

| Date | Description of Announcement |
|------------|---|
| 06/08/2014 | Change in substantial holding |
| 05/08/2014 | Clarification of Letter to Option Holders |
| 05/08/2014 | Letter to Option Holders |
| 05/08/2014 | Non-Renounceable Issue |
| 04/08/2014 | Change in substantial holding |
| 31/07/2014 | Change in substantial holding |
| 31/07/2014 | Quarterly Activities Report & 5B |
| 29/07/2014 | Reguibat Clarification |
| 29/07/2014 | Appendix 3B & 708A Notice |
| 17/07/2014 | Aura Presentation to Uranium Conference |
| 16/07/2014 | Reguibat Scoping Study |
| 14/07/2014 | Becoming a substantial holder |
| 11/07/2014 | 708A Notice |
| 10/07/2014 | Appendix 3B & 708A Statement |
| 11/06/2014 | Change of Director's Interest Notice |
| 11/06/2014 | Appendix 3B and 708A Notice |
| 26/05/2014 | Change of Director's Interest Notice |
| 26/05/2014 | Change of Director's Interest Notice |
| 15/05/2014 | Appendix 3B & 708A Notice |
| 13/05/2014 | Mine Development in Mauritania |
| 08/05/2014 | Results of General Meeting |
| 30/04/2014 | Quarterly Activities Report & 5B |
| 29/04/2014 | Reguibat High Grade Mineralisation |
| 14/04/2014 | Reguibat Scoping Study |

| Date | Description of Announcement |
|------------|--|
| 09/04/2014 | Issue of shares clarification |
| 09/04/2014 | Appendix 3B and 708A Notice |
| 08/04/2014 | Notice of Meeting |
| 01/04/2014 | Change of Address |
| 13/03/2014 | Half Year Accounts |
| 07/03/2014 | Notice under 708A(5)(e) |
| 07/03/2014 | Appendix 3B |
| 03/03/2014 | Aura secures \$3.8 million funding |
| 27/02/2014 | Change of Company Secretary |
| 31/01/2014 | Quarterly Activities and Cashflow Report |
| 30/12/2013 | Ceasing to be a substantial holder |
| 23/12/2013 | Change of Director's Interest Notice x 4 and Appendix 3B |
| 10/12/2013 | Change of Director's Interest Notice |
| 04/12/2013 | Haggan Uranium Project smaller options financially robust |
| 02/12/2013 | Further Reguibat Project Tests Provide Exceptional Results |
| 27/11/2013 | Significant Uranium Values at New Mauritanian Project |
| 21/11/2013 | Results of Annual General Meeting |
| 21/11/2013 | Chairman's Address to Shareholders |
| 30/10/2013 | Quarterly Activities Report and Quarterly Cashflow Report |
| 23/10/2013 | Investor Presentation |
| 21/10/2013 | Notice of Annual General Meeting/Proxy Form |
| 08/10/2013 | First Reguibat Project Leach Test Results |
| 01/10/2013 | Aura expands mineralisation footprint at Reguibat |
| 27/09/2013 | Annual Report to shareholders |

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website www.auraenergy.com.au.

9.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

| | | |
|---------|---------|-----------------------|
| Highest | \$0.04 | 29 July 2014 |
| Lowest | \$0.019 | 16, 17 & 24 June 2014 |
| Last | \$0.029 | 6 August 2014 |

9.4 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

| Director | Shares | Options | Entitlement Shares | Entitlement Options | \$ |
|-----------------------------|-----------|-----------|--------------------|---------------------|----------|
| Peter Reeve ¹ | 664,830 | 6,250,000 | 166,208 | 83,104 | \$4,986 |
| Dr Bob Beeson ² | 2,701,924 | 6,516,668 | 675,481 | 337,741 | \$20,264 |
| Brett Fraser ³ | 2,676,310 | 2,326,379 | 669,078 | 334,539 | \$20,072 |
| Julian Perkins ⁴ | 740,758 | 2,556,667 | 185,190 | 92,595 | \$5,556 |

Notes:

1. Mr Reeves securities are held by him directly. The Options comprise 2,000,000 15 cent Options expiring 13/1/2015, 2,250,000 20 cent Options expiring 13/1/2016 and 2,000,000 20 cent Options expiring 13/7/2016.

2. Dr Beeson holds 562,756 Shares and 6,250,000 Options directly. 2,139,168 Shares and 266,668 Options are held indirectly through Robert & Patricia Ann Beeson as trustee for the Beeson Superannuation Fund. The Options comprise 2,000,000 31 cents Option expiring 31/10/2014, 2,125,000 15 cent Options expiring 13/1/2015, 2,125,000 20 cents Options expiring 13/7/2016 and 266,668 20 cent Options expiring 1/12/2014.

3. Mr Fraser holds 205,814 Shares and 1,265,544 Options directly. The Options comprise 625,000 15 cent Options expiring 13/1/2015, 625,000 20 cent Options expiring 13/7/2016 and 15,544 20 cent Options expiring 1/12/2014. Mr Fraser holds the following Shares and Options indirectly: 1,143,334 Shares and 163,334 20 cent Options expiring 1/12/2014 through Pinewood Asset Pty Ltd; 57,334 20 cent Options expiring 1/12/2014 through Wolfstar Group Pty Ltd; 1,064,662 Shares and 52,667 20 cents Options expiring 1/12/2014 through Tyler Street Holdings Pty Ltd and 262,500 Shares, 37,500 20 cent Options expiring 1/12/2014 and 750,000 31 cent Options expiring 31/10/2014 through WSG Capital Pty Ltd.

4. Mr Perkins indirectly holds 740,758 Shares, 6,667 20 cent Options expiring 1/12/2014, 1,250,000 15 cent Options expiring 3/1/2015, 1,250,000 20 cent Options expiring 13/7/2016 and 50,000 45 cent Options expiring 31/3/2016 through Julian Perkins and Margaret Fong as trustee for the Fong Superannuation Fund Account.

The Board recommends all Shareholders take up their Entitlement and advises that all Directors intend to take up their respective Entitlements in whole or in part.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$200,000 per annum.

A Director may be paid fees or other amounts (ie non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

| Director | FY 2013 | FY 2014¹ | FY 2015² |
|-----------------|----------------|----------------------------|----------------------------|
| Peter Reeve | Nil | \$113,868 | \$109,500 |
| Dr Bob Beeson | \$340,292 | \$329,718 | \$290,400 |
| Brett Fraser | \$128,834 | \$72,443 | \$65,700 |
| Julian Perkins | \$91,265 | \$68,785 | \$60,225 |

Note:

1. Remuneration for the financial year ended 2014 includes equity based payments to Directors in lieu of salary and Director fees which was approved by Shareholders on 8 May 2014.
2. The Company will seek Shareholder approval for the issue of Shares to the Directors in lieu of salary and Director fees for the 2015 financial year.

9.5 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (c) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (d) promoter of the Company; or

- (e) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (d) the formation or promotion of the Company; or
- (e) the Offer.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$20,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$170,035 (excluding GST and disbursements) for legal services provided to the Company.

Bentleys will not be paid a fee in respect of this Offer. During the 24 months preceding lodgement of this Prospectus with the ASIC, Bentleys has been paid fees totalling \$98,850 by the Company.

9.6 Consents

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section;
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section; and
- (c) Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.
- (d) Bentleys has given its written consent to being named as Auditor to the Company in this Prospectus. Bentleys has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

9.7 Expenses of the offer

The total expenses of the Offer are estimated to be approximately \$48,811 (excluding GST) and are expected to be applied towards the items set out in the table below:

| Expense | \$ |
|---------------------------|---------------|
| ASIC fees | 2,290 |
| ASX fees | 6,331 |
| Legal fees | 20,000 |
| Printing and distribution | 17,190 |
| Miscellaneous | 3,000 |
| Total | 48,811 |

9.8 Electronic prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on +61 3 9890 1744 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at www.auraenergy.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

9.9 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

9.10 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing share or option certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

9.11 Privacy Act

If you complete an application for Securities, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Securities, the Company may not be able to accept or process your application.

10. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

Dr Bob Beeson
Managing Director
For and on behalf of
Aura Energy Limited

11. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

Applicant means a Shareholder who applies for Shares and New Options pursuant to the Offer or a Shareholder or other party who applies for Shortfall Securities pursuant to the Shortfall Offer.

Application Form means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHES.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Closing Date means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

Company means Aura Energy Limited (ACN 115 927 681).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

New Option means an Option issued on the terms set out in section 7.2 of this Prospectus.

Offer means the non-renounceable entitlement issue the subject of this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at the commencement of this Prospectus.

Securities means Shares and/or New Options offered pursuant to the Entitlement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Shortfall means the Shares and New Options not applied for under the Offer (if any).

Shortfall Application Form means the shortfall application form either attached to or accompanying this Prospectus.

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in section 5.6 of this Prospectus.

Shortfall Securities means those Shares and New Options issued pursuant to the Shortfall.

WST means Western Standard Time as observed in Perth, Western Australia.