

15 May 2013

Dear Shareholder

INVITATION TO PARTICIPATE IN SHAREHOLDER SHARE PURCHASE PLAN

The Board of Directors of Aura Energy Limited (**Aura** or **Company**) has approved the introduction of a Shareholder Share Purchase Plan (**Plan**).

1. SHAREHOLDERS ELIGIBLE TO PARTICIPATE IN THE PLAN

The right to participate in the Offer under the Plan is optional and available exclusively to shareholders who are registered as holders of fully paid ordinary shares in the capital of Aura (**Shares**) at 5:00 pm (WST) on the Record Date of 7 May 2013 and whose registered address is in Australia or New Zealand (**Eligible Shareholders**).

2. SHARE PURCHASE PLAN

The Board is pleased to offer to all Eligible Shareholders an opportunity to participate in the Plan. Details of the Offer are set out in this letter and the enclosed Terms and Conditions together with an Entitlement and Acceptance Form.

The Plan entitles Eligible Shareholders in the Company, irrespective of the size of their shareholding, to purchase up to \$15,000 worth of Shares at 8 cents per Share, a price equal to a **21.5% discount** to the volume weighted average trading price of the Company's Shares on ASX during the 20 trading days immediately prior to the date of this offer, free of brokerage and commission (**Offer**).

The average trading price of the Shares on the Australian Securities Exchange (**ASX**) during the 20 trading days immediately prior to the announcement date of this Offer was 10.2 cents.

3. CURRENT PROJECTS

Details of Aura's current activities are set out in the announcements made by the Company to the ASX and are available from the ASX or the company's website at www.auraenergy.com.au.

The funds raised under the Plan will be used by the Company to increase working capital and to fund the Company's current activities.

4. SUBSCRIPTION AND APPLICATION PROCEDURE

If you would like to participate in the Offer, please return your completed Entitlement and Acceptance Form (enclosed), together with your cheque for the subscription monies for the Shares you wish to acquire to Computershare Investor Services, on or before the **Closing Date of 5:00 pm (WST) on 10 June 2013**. No late applications will be accepted.

The number of Shares to which you are entitled will be calculated by dividing the subscription amount you have elected by the purchase price per Share.

Please note the maximum investment per shareholder is \$15,000 and the minimum investment is \$2,000.

The maximum investment any shareholder may apply for will remain \$15,000 even if a shareholder receives more than one Offer (whether in respect of a joint holding or because the shareholder has more than one holding under a separate account).

5. ADDITIONAL INFORMATION AND IMPORTANT DATES

The Offer cannot be transferred and the Directors of the Company reserve the right to reject any application over \$15,000. Shares allotted under the Plan will be issued as soon as practicable after the Closing Date of the Offer. Application for quotation on ASX of the new Shares will be made immediately following the issue of those Shares.

The maximum number of Shares that may be issued pursuant to this Offer is 30,000,000, raising up to approximately \$2,400,000. In the event of an oversubscription by the Closing Date the Directors may, in their absolute discretion, scale-back all applications on a pro-rata basis.

If the Company rejects or scales-back an application or purported application, the Company will promptly return to the shareholder the relevant application monies, without interest.

6. ACCEPTANCE OF RISK FACTORS

On the trading day immediately prior to the announcement date of the Offer, the closing price of the Shares traded on ASX was 8.50 cents. The market price of the Shares in the Company may rise and fall between the date of the Offer and the date that any Shares are allotted to you as a result of your acceptance of this Offer. This means that the subscription price you pay for the Shares may exceed the market price of the Shares at the date of allotment of Shares under this Offer.

By accepting the Offer and applying for Shares under the Plan, each Eligible Shareholder will be acknowledging that although the purchase price is at a discount to the market price, Shares are a speculative investment and the price of Shares on ASX may change between the date of the Company announcing its intention to make an Offer and the date of issue of Shares under that Offer and that the price and/or value and/or number of the Shares received under the Plan may rise or fall accordingly.

The Board recommends that you obtain your own financial advice in relation to the Offer and consider price movements of Shares in the Company prior to accepting this Offer.

7. SHORTFALL PLACEMENT

In the event that less than 30,000,000 Shares are applied for pursuant to this Offer, the shortfall may be placed at the discretion of the directors.

8. INDICATIVE TIMETABLE

MILESTONE	DATE
Record Date (5:00 pm WST)	Tuesday 7 May 2013
Announcement Date of Plan	Wednesday 8 May 2013
Opening Date of Offer	Wednesday 15 May 2013
Closing Date of Offer	Monday, 10 June 2013
Issue of Shares under the Plan	Tuesday 18 June 2013
Dispatch date for holding statements	Friday 21 June 2013
Quotation of Shares on ASX	Monday 24 June 2013

These dates are indicative only. The Company may vary the dates and times of the Offer without notice. Accordingly, shareholders are encouraged to submit their Entitlement and Acceptance Forms as early as possible.

Should you wish to discuss any information contained in this letter further, do not hesitate to contact Jay Stephenson, Company Secretary on +61 8 6141 3570.

Yours faithfully



BRETT FRASER

Chairman

Aura Energy Limited

SHAREHOLDER SHARE PURCHASE PLAN - TERMS AND CONDITIONS

Purpose

The purpose of the Shareholder Share Purchase Plan (**the Plan**) is to offer shareholders of Aura Energy Limited (**Aura** or **Company**) the opportunity to acquire additional fully paid ordinary Shares in the Company (**Aura Shares**) up to a maximum of A\$15,000 in any 12 month period at a discount to the market price of Aura Shares on the financial market operated by ASX Limited (**ASX**) without the need to pay brokerage costs and without the need for Aura to issue a Prospectus, upon such terms and conditions as the board of directors of Aura, in its absolute discretion, sees fit.

Custodians, Trustees and Nominees

If you are an Eligible Shareholder and hold the Aura Shares as a custodian (as defined in ASIC Class Order CO 09/425 (refer below) (**Custodian**) or in any more specific ASIC relief granted to the Company in relation to the Plan), you may apply for up to the maximum of new Shares for each beneficiary for whom you act as custodian provided you annexe to your Entitlement and Acceptance Form a certificate to the Company (**Custodian Certificate**) with the following information:

- ▶ that you held Shares in the Company on behalf of one or more other persons (each a **Participating Beneficiary**) at 5:00pm (WST) on 7 May 2013 who have subsequently instructed you to apply for Shares under the Plan on their behalf;
- ▶ the number of Participating Beneficiaries and their names and addresses;
- ▶ the number of Shares that you hold on behalf of each Participating Beneficiary;
- ▶ the dollar amount of Shares that each Participating Beneficiary has instructed you, either directly or indirectly through another custodian, to apply for on their behalf;
- ▶ that the application price for Shares applied under the Offer for each Participating Beneficiary for whom you act plus the application price for any other Shares issued to you as custodian for that Participating Beneficiary under any arrangement similar to the Plan in the prior 12 months does not exceed \$15,000;
- ▶ that a copy of the written offer document was given to each beneficiary; and
- ▶ where you hold Shares on behalf of a beneficiary indirectly, through one or more interposed custodians, the name and address of each interposed custodian.

For the purposes of ASIC Class Order CO 09/425 you are a 'custodian' if you are a registered holder that:

- ▶ holds an Australian financial services licence that allows you to perform custodian or depositary services or operate IDPS accounts;
- ▶ is exempt from holding an Australian financial services licence by virtue of Class Order CO 03/184 or by relying on the Australian financial services licence of your master custodian under regulation 7.1.06(k) of the *Corporations Regulations 2001*;
- ▶ is a trustee of a self-managed superannuation fund;
- ▶ is a trustee of superannuation master trusts;
- ▶ is a responsible entity of IDPS like schemes;
- ▶ is noted on the Company's register of members as holding the Shares on account of another person.

If you hold Shares as a trustee or nominee for another person or persons but are not a Custodian as defined above, you cannot participate for beneficiaries in the manner describes above. In this case, the rules for multiple single holdings (above) apply.

Custodians should request a Custodian Certificate when making an application on behalf of Participating Beneficiaries. To request Custodian Certificate and if you would like further information on how to apply, you should contact Computershare Investor Services Pty Limited at any time from 8.30am to 5.00pm (WST) Monday to Friday during the Offer period.

The Company reserves the right to reject any application for Plan Shares to the extent it considers that the application (whether alone or in conjunction with other applications) does not comply with these requirements. The

Company reserves the right to reject applications in accordance with these Terms and Conditions.

Shareholders Eligible to Participate

Eligible Shareholders of Aura Shares that are registered with an Australian or New Zealand address at the relevant Record Date may participate in the Plan.

Participation in the Plan is optional and is subject to these terms and conditions. Offers made under the Plan are non-renounceable (i.e. Eligible Shareholders may not transfer their rights to any Aura Shares offered under the Plan).

An offer may, at the discretion of the directors of Aura, be made under the Plan once a year. The maximum amount, which any shareholder may subscribe for in any consecutive 12 month period, is A\$15,000. The directors of Aura may also determine in their discretion the minimum amount for participation, the multiple of Aura Shares to be offered under the Plan and the period the offer is available to Eligible Shareholders.

Price of Aura Shares

The price of Aura Shares to be issued under the Plan will be 8 cents per Share.

Applications and Notices

At the discretion of the directors of the Company, Aura will send Eligible Shareholders a letter of offer and acceptance procedures, inviting them to subscribe for Aura Shares under the Plan, and accompanied by the terms and conditions of the Plan and an entitlement & acceptance form. Applications will not be accepted after the closing date of an offer. Over subscriptions to an offer may be refunded without interest.

Notices and statements made by Aura to participants may be given in any manner prescribed by its Constitution.

Issue of Aura Shares

Aura Shares to be issued under the Plan will be issued as soon as reasonably practicable after the closing date specified by the Directors of Aura in the relevant offer.

Aura Shares issued under the Plan will rank equally in all respects with all other fully paid ordinary shares in Aura from the date of issue.

Shareholding statements or CHESS notification will be issued in respect of all Aura Shares issued under the Plan. The Company will, promptly after the issue of Aura Shares under the Plan, make application for those Aura Shares to be listed for quotation on the official list of ASX.

Modification and Termination of the Plan

Aura may modify or terminate the Plan at any time.

Aura will notify ASX of any material modification to, or termination of, the Plan. The omission to give notice of any modification to, or termination of, the Plan or the failure of ASX to receive such notice will not invalidate the modification or termination.

Without limiting the above, Aura may issue to any person fewer Aura Shares than the person applied for under the Plan if the issue of the Aura Shares applied for would contravene any applicable law or the Listing Rules of ASX.

Dispute Resolution

Aura may, in any manner it thinks fit, settle any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the Plan, whether generally or in relation to any participant, application or Aura Shares. The decision of Aura in this respect will be conclusive and binding on all shareholders and other persons to whom that determination relates.

Aura reserves the right to waive strict compliance with any provision of these terms and conditions. The powers of Aura under these conditions may be exercised by the directors of Aura or any delegate of the directors of Aura.

Questions and Contact Details

If you have any questions regarding the Plan or how to deal with this Offer, please contact your stockbroker or professional adviser or the Director and Company Secretary, Jay Stephenson on +61 8 6141 3570.