



ABN 62 115 927 681

## **RIGHTS ISSUE OFFER DOCUMENT**

For a non-renounceable pro rata entitlements issue to Shareholders of 19,143,511 New Shares at an issue price of 15 cents per Share on the basis of one New Share for every five Existing Shares held to raise \$2,871,526.65 before issue costs.

**CLOSING DATE: 15 OCTOBER 2010, 5.00pm WST**

### **Important Notice**

This Offer Document is not a prospectus. This Offer Document does not contain all of the information that an investor may require in order to make an informed investment decision regarding the New Shares offered by this Offer Document.

This Offer Document should be read in its entirety. If after reading this Offer Document you have any questions about the New Shares being offered under this Offer Document then you should consult your stockbroker, accountant or other professional adviser.

The New Shares offered by this Offer Document should be considered as speculative.

The Offer opens on 30 September 2010 and closes at 5:00pm WST on 15 October 2010. Valid acceptances must be received before that time.

The Offer is conditionally underwritten by Shaw Corporate Finance Pty Ltd. Refer to Section 5.2 of this Offer Document for details regarding the terms of the Underwriting Agreement.

Not for distribution in the United States or to, or for the benefit of US Persons.

## **IMPORTANT NOTES**

This Offer Document is dated 30 September 2010 and is for a rights issue of continuously quoted securities (as defined in the Corporations Act) of the Company. The rights issue under this Offer Document falls within section 708AA of the Corporations Act and does not require disclosure to investors under a prospectus. Accordingly, the level of disclosure in this Offer Document is significantly less than that required under a prospectus and Eligible Shareholders should rely on their own knowledge of the Company, refer to disclosures made by the Company to ASX and consult their professional advisers before deciding whether to accept the Offer. In particular, please refer to the Company's website [www.auraenergy.com.au](http://www.auraenergy.com.au).

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

This Offer Document including each of the documents attached to it and which form part of this Offer Document is important and should be read in its entirety prior to making an investment decision. If you do not fully understand this Offer Document or are in any doubt as to how to deal with it, you should consult your professional adviser.

### **Eligibility**

Eligible Shareholders will receive an Acceptance Form with this Offer Document. The Offer may only be accepted by Eligible Shareholders using an original Acceptance Form.

### **Overseas Shareholders**

The distribution of this Offer Document in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Offer Document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify the New Shares the subject of this Offer Document or otherwise permit a public offering of the New Shares the subject of this Offer Document in any jurisdiction outside Australia.

It is the responsibility of applicants outside Australia to obtain all necessary approvals for the allotment and issue of the Shares pursuant to this Offer Document. The return of a completed Acceptance Form will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained.

### **Privacy Act**

If you complete an Acceptance Form, 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 Shareholder, 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 registry if you wish to do so at the relevant contact numbers set out in this Offer Document.

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 Settlement Rules of ASX Settlement Pty Ltd. You should note that if you do not provide the information required on the Acceptance Form, the Company may not be able to accept or process your application.

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## 1 CHAIRMAN'S LETTER

16 September 2010

Dear Shareholder,

On 16 September 2010 Aura Energy Limited ("Aura" or the "Company") announced a placement of approximately \$1.87 million ("Placement") and a rights issue of up to approximately \$2.87 million, both at an issue price of \$0.15 per Share. The Directors are now pleased to invite Eligible Shareholders to acquire new Aura ordinary shares, pursuant to the rights issue.

The rights issue offer is a non-renounceable pro rata entitlements issue, of one New Share for every five Existing Shares held, at an issue price of 15 cents per Share ("Offer"). The Offer is for a total of approximately 19.14 million New Shares to raise approximately \$2.87 million, before issue costs.

In July 2010 Aura announced a maiden JORC compliant inferred resource at its Haggan (formerly Storsgon) project in Sweden of 291 million pounds U<sub>3</sub>O<sub>8</sub>, grading 162ppm, ranking it as the seventh largest undeveloped resource presently in existence. The Company has also stated that its Mauritanian Requibat project (in Joint Venture with GCM PLC) presents an opportunity to produce a JORC compliant resource, with additional drilling, after the next field season.

The Offer will raise approximately \$2,871,526.65 before costs. Funds raised from the Placement, completed on or before 24 September 2010, and the Offer will primarily be used to fund the Company's drilling program in Mauritania, continue metallurgical test work in Sweden, support continued exploration of the Company's projects and to enable the Company to continue to actively review new project opportunities

The details of the Offer and the risks associated with an investment in the Company are set out in this Offer Document together with your personalised Acceptance Form.

The Board of Aura recommends the Offer to you, which should enable your Company to continue to survive and prosper in the current environment. The Board would like to take this opportunity to thank shareholders for their ongoing support.

Yours faithfully

A handwritten signature in black ink, appearing to read "B Fraser". The signature is stylized and cursive.

Brett Fraser  
**CHAIRMAN**

## **2 CORPORATE DIRECTORY**

### **Directors**

Brett Fraser	Non-Executive Chairman
Dr Bob Beeson	Managing Director
Jay Stephenson	Non-Executive Director
Simon O'Loughlin	Non-Executive Director

### **Company Secretary**

Jay Stephenson

### **Registered Office**

6/34 York Street  
NORTH PERTH WA 6006

### **Principal Place of Business**

6/34 York Street  
NORTH PERTH WA 6006

Telephone: (08) 9228 0711  
Facsimile: (08) 9228 0704  
Email: info@auraenergy.com.au

### **Share Registry**

Computershare Investor Services Pty Ltd  
Level 2, 45 St Georges Terrace  
PERTH WA 6000

### **Bankers**

Westpac Banking Corporation  
1257 Hay Street  
WEST PERTH WA 6005

### **Auditors**

Bentleys

### **Stock Exchange Listing**

The Company is listed on the Australian Securities Exchange (ASX)  
Home Exchange: Perth, Western Australia

**ASX Code: AEE**

### 3 DETAILS OF THE OFFER

#### 3.1 Introduction

The Offer is for a non-renounceable pro rata entitlements issue to Eligible Shareholders of 19,143,511 New Shares on the basis of one New Share for every five Existing Shares held as at the Record Date at an issue price of 15 cents each to raise approximately \$2,871,526.65 before the costs of the Offer.

The number of New Shares to which you are entitled is calculated as at the Record Date and is shown on the Acceptance Form, which accompanies this Offer Document.

The Directors may at any time decide to withdraw this Offer Document and the offer of New Shares made under this Offer Document in which case the Company will return all application monies (without interest) within 28 days of giving such notice of withdrawal.

#### 3.2 Underwriting

The Offer is fully underwritten by Shaw Corporate Finance Pty Ltd (**Underwriter**). Please refer to Section 5.2 of this Offer Document for details regarding the terms of the Underwriting Agreement.

#### 3.3 Timetable for the Issue

Event	Date
Announcement of Offer	16 September 2010
Lodgement of Appendix 3B, Offer Document and Section 708AA(2)(f) Notice with ASX	16 September 2010
Notice to Shareholders and Optionholders	20 September 2010
Ex Date	21 September 2010
Record Date	27 September 2010
Dispatch of Offer Document and Acceptance Forms	30 September 2010
Offer Opens	30 September 2010
Offer Closes	15 October 2010
Shares Quoted on a Deferred Settlement Basis	18 October 2010
Notification of Undersubscriptions	20 October 2010
Allotment of Shares and Dispatch of Holding Statements	25 October 2010
Allotment of Shortfall Shares	2 November 2010

The Company reserves the right to vary the above dates, subject to the Corporations Act and Listing Rules. Applicants are encouraged to submit their Acceptance Forms as soon as possible after the Offer opens.

#### 3.4 Use of proceeds of the Placement and Offer and effect of the Offer on the Company

The immediate financial effect of the Offer on the Company will be to increase cash reserves by approximately \$2,871,526 (before costs). The Company intends to apply the funds raised towards:

<b>Source of funds</b>	<b>Amount (\$)</b>
Placement (approximately after costs) (anticipated completion on or before 24 September 2010)	1,760,000
Offer proceeds (before costs)	2,871,527
<b>Total source of funds</b>	<b>4,631,527</b>
<b>Item of Expenditure</b>	<b>Amount (\$)</b>
Drilling program Mauritania	2,100,000
Metallurgical test work (Sweden)	700,000
Other exploration	1,000,000
Working capital	631,527
Expenses of the Offer	200,000
<b>TOTAL</b>	<b>4,631,527</b>

In the event that the Offer is not fully subscribed, the Company intends to apply the funds raised pursuant to the Offer in priority to the expenses of the Offer, with the other amounts above scaled back pro rata.

The principal effect of the Offer on the Company's capital structure is outlined in the table below:

	<b>At the Offer Date**</b>	<b>New Shares Issued under the Offer</b>	<b>Total after the Offer</b>
<b>Issued Shares*</b>	95,717,557	19,143,511	114,861,068

\*The Company has 7,450,000 Options on issue. These Options may be exercised prior to the Record Date in order to participate in the Offer.

\*\* Includes 12,484,898 shares, to be issued on or before 24 September 2010, under the Placement

### **3.5 No Rights Trading**

The rights to the New Shares pursuant to the Issue are non-renounceable. Accordingly, there will be no trading of these rights. If you do not take up your entitlement the Offer will lapse and the New Shares will be dealt with by the Company in accordance with the Underwriting Agreement.

### **3.6 Acceptances and Entitlements**

The entitlement of Eligible Shareholders to participate in the Offer will be determined on the Record Date. Your entitlement is shown on the Acceptance Form accompanying this Offer Document.

This Offer may be accepted in whole or in part prior to the Closing Date subject to the rights of the Company to extend the Offer period or close the Offer early. Fractional entitlements or allocations (as the case may be) to New Shares will be rounded up to the nearest whole number. Acceptances cannot exceed your entitlement as shown on the Acceptance Form. If it does, acceptance will be deemed to be for your maximum entitlement and any surplus subscription funds will be returned.

### 3.7 Action required by Shareholders

- a) Acceptance in Full - If you wish to take up all of your entitlement, please complete and return the Acceptance Form to the address shown below by the Closing Date and:
  - (i) attach your cheque for the amount shown on the Acceptance Form; or
  - (ii) pay by BPAY® by following the instructions below and on the Acceptance Form.
- b) Partial Acceptance - If you wish to take up part of your entitlement, please complete and return the Acceptance Form to the address shown below by the Closing Date by inserting the number of New Shares for which you wish to accept and:
  - (i) attach your cheque for the appropriate application monies (at 15 cents per Share); or
  - (ii) pay by BPAY® by following the instructions below and on the Acceptance Form.
- c) Non Acceptance - If you do not wish to take up any part of your entitlement you are not required to take any action.

If you have any queries' concerning your entitlement, please contact your stockbroker or professional adviser or the Aura Company Secretary at by telephone on (08) 9228 0711 by facsimile at (08) 9481 2355.

### 3.8 Payment of subscription monies

#### ***Payment by cheque:***

Cheques must be drawn on an Australian bank and be made payable to "Aura Energy Limited – Share Offer Account", crossed "Not Negotiable" and sent, along with the completed Acceptance Form, to Computershare by:

By Post:           Computershare Investor Services Pty Ltd  
                          GPO Box D182  
                          PERTH WA 6840

Your completed Acceptance Form and cheque must reach the Company's share registry no later than 5.00pm WST on the Closing Date.

#### ***Payment by BPAY®***

For payment by BPAY®, please follow the instructions on the 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 Acceptance Form but are taken to have made the declarations on that 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 New 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 New Shares (only where the amount is A\$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

### **3.9 Shortfall**

If you do not wish to take up any part of your entitlement you are not required to take any action. That part of your entitlement not taken up will form part of the Shortfall and will revert to the Underwriter to be dealt with in accordance with the Underwriting Agreement.

The offer of the Shortfall is a separate offer pursuant to this Offer Document. The issue price of any Shares offered pursuant to the Shortfall Offer shall be 15 cents, being the price at which the New Shares have been offered to Shareholders pursuant to this Offer Document. The Shortfall shall be placed at the discretion of the Underwriter in accordance with the terms of the Underwriting Agreement.

### **3.10 Opening and Closing Dates**

The Offer opens on the Opening Date, being 30 September 2010. The Company will accept Acceptance Forms until 5:00 pm WST on the Closing Date or such other date as the Directors in their absolute discretion shall determine, subject to the Listing Rules.

### **3.11 Issue and dispatch**

The expected dates for issue of New Shares offered by this Offer Document and despatch of holding statements is expected to occur on the dates specified in the Timetable set out in Section 3.3.

It is the responsibility of applicants to determine the allocation prior to trading in the New Shares. Applicants who sell New Shares before they receive their holding statements will do so at their own risk.

### **3.12 Rights and Liabilities attaching to New Shares**

The New Shares will rank equally in respect of dividends and have the same rights in all other respects (e.g. voting, bonus issues) as Existing Shares. Full details of the rights and liabilities attaching to Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

### **3.13 No Offer to Overseas Shareholders**

In accordance with Listing Rule 7.7, sections 9A and 615 of the Corporations Act, no Offer is being made to Shareholders resident outside Australia and New Zealand. The Company has determined that it would be unreasonable to make the Offer of New Shares to Non-participating Shareholders having regard to the number of Non-participating Shareholders, the number and value of the New Shares that would otherwise be offered and the costs in complying with the legal and regulatory requirements of those jurisdictions. No action has been taken to comply with legal and regulatory requirements of jurisdictions outside Australia and New Zealand to permit an offer of the New Shares in any jurisdiction outside Australia and New Zealand.

The Company will send a copy of this Offer Document to each Non-participating Shareholder in order to inform all Non-participating Shareholders that the Offer is not being made to them.

### **3.14 ASX Listing**

The Company has made an application to ASX for Official Quotation of the New Shares. If ASX does not grant quotation for the New Shares, the Company will not allot any New Shares and all Application Money will be refunded without interest.

The fact that ASX may grant Official Quotation of the New Shares is not to be taken in any way as an indication of the merits of the Offer or the New Shares under this Offer Document.

## **4 RISK FACTORS**

An investment in New Shares should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, the following is a summary of specific risks associated with an investment in the Company:

### **4.1 Economic Risks**

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 future production activities, as well as on its ability to fund those activities.

### **4.2 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. Exploration in itself is a speculative endeavour, while mining operations can be hampered by force majeure circumstances and cost overruns for unforeseen events.

### **4.3 Exploration and Evaluation Risks**

The success of the Company depends on the delineation of economically minable reserves and 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 activities.

Exploration 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.

### **4.4 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.

### **4.5 Environmental Risks**

The operations and proposed activities of the Company are subject to State and Federal laws and regulation 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.

### **4.6 Native Title and Title Risks**

Interests in tenements in Australia are governed by the respective State legislation 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 of Aboriginal Australians 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.

The Directors closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

#### **4.7 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.

#### **4.8 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.

#### **4.9 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.

#### **4.10 Resource Estimations**

Resource estimates are expressions of judgment based on knowledge, experience and resource modeling. 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.

#### **4.11 Reliance on Key Personnel**

The Company's success depends largely on the core competencies of its directors and management, and their familiarisation with, and ability to operate, in the metals and mining industry and the Company's ability to find and retain key executives.

#### **4.12 Sovereign Risk**

Some of the Company's projects are located in Mauritania and Niger which are considered to be developing countries 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 these or any other country in which the Company may have an interest.

#### **4.13 Investment Speculative**

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 securities offered under this Offer Document. Therefore, the securities to be issued pursuant to this Offer Document carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for securities pursuant to this Offer Document.

### **5 ADDITIONAL INFORMATION**

#### **5.1 Disclosing Entity and Enhanced Disclosure Securities**

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX and as such are subject to regular reporting and disclosure obligations.

This Offer Document 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 information that would be included in a disclosure document or which investors ought to have regard to in deciding whether to subscribe for New Shares under the Offer. 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.

Company announcements are available at [www.asx.com.au](http://www.asx.com.au) or [www.auraenergy.com.au](http://www.auraenergy.com.au).

#### **5.2 Underwriting Agreement**

The Company has entered into an underwriting agreement (**Underwriting Agreement**) with Shaw Corporate Finance Pty Ltd (**Underwriter**) pursuant to which the Underwriter has agreed to fully underwrite the Offer on the following material terms:

- a) (**Underwriting Fee**): the Company has agreed to pay the Underwriter:
  - (i) a management fee of \$28,715, being 1% of the total amount to be raised under the Offer; and
  - (ii) a capital raising fee of \$143,576, being 5% of the amount to be raised under the Offer;
- b) (**Other expenses**): the Company has agreed to reimburse the Underwriter for all reasonable costs and expenses incurred in connection with the underwriting, including legal costs up to a maximum of \$5,000; and
- c) (**Termination**): the obligation of the Underwriter to underwrite the Offer is subject to certain

standard events of termination. The Underwriters may terminate its obligations under the Underwriting Agreement if:

1. **(market fall)** at any time after the date of the Underwriting Agreement:
  - (a) the All Ordinaries Index is 7.5% or more below its level as at the close of trading immediately preceding the date of the Underwriting Agreement;
  - (b) the ASX 300 Resources Index is 7.5% or more below its level as at the close of trading immediately preceding the date of the Underwriting Agreement;
2. **(listing and quotation):**
  - (a) the Company ceases to be admitted to the official list of the ASX;
  - (b) the Shares are suspended from quotation on the ASX for more than five days;
  - (c) the ASX makes any official statement to any person or indicates to the Company or the Underwriter that official quotation of the Offer Securities will not be granted; or
  - (d) approval is refused or unconditional approval is not granted (unless the conditions are customary listing conditions which would not, in the reasonable opinion of the Underwriter, have a material adverse effect on the success of the Offer) to the official quotation of all of the Offer Securities on the ASX, on or before the Settlement Date under the Underwriting Agreement, or if granted, the approval is subsequently withdrawn, qualified or withheld;
3. **(ASIC)** the performance of the obligations of the Underwriter under the Underwriting Agreement, or the completion of the Offer by the Company is prevented or restrained by a final order or notice by ASIC;
4. **(withdrawal)** the Company withdraws the Offer;
5. **(disruption in financial markets)** any of the following occurs:
  - (a) a general moratorium on commercial banking activities in Australia, the United States of America or the United Kingdom is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries;
  - (b) trading in all securities quoted or listed on the ASX, the London Stock Exchange and/or the New York Stock Exchange is suspended or limited in a material respect for at least one day; or
  - (c) any adverse change or disruption to the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America, Sweden or the international financial markets or any change in national or international political, financial or economic conditions, in any case the effect of which is such as to make it, in the reasonable judgment of the Underwriter materially more difficult to promote the Offer or to enforce contracts to issue and allot the Offer Securities;
6. **(material adverse change)** any material adverse change occurs in the assets, liabilities, financial position of the Company and its subsidiaries (taken as a whole);

7. **(prosecution)** any of the following occur:
  - (a) a director or executive of the Company is charged with an indictable offence;
  - (b) any director of the Company is disqualified from managing a corporation under Part 2D.6 of the Corporations Act; or
  - (c) any director of the Company commits an act of fraud in connection with any aspect of the Offer or the Company;
8. **(Defective Rights Issue Cleansing Statement)** the Rights Issue Cleansing Statement is Defective (as that term is defined in the Underwriting Agreement) and the Company does not provide a corrective defective notice in accordance with section 708AA(10) of the Corporations Act within a reasonable time after becoming aware of the defect and to the satisfaction of the Underwriter acting reasonably;
9. **(Certificate)** a certificate that is required to be given by the Underwriting Agreement is not given within the specified time or a statement in that Certificate is not true or has a material omission;
10. **(quoted securities)** the Offer Securities:
  - (a) are in a class of securities that are not quoted securities (as defined in the Corporations Act) at the Offer Date or which are not quoted securities at any time during the three months before the Settlement Date; or
  - (b) are suspended from trading for more than a total of five days during the 12 months before the Offer Date or during the 12 months before the Settlement Date;
11. **(no exemptions or orders)** an:
  - (a) exemption under sections 111AS or 111AT of the Corporations Act; or
  - (b) order under sections 340 or 341 of the Corporations Act,

(as modified by ASIC class order 07/571) is given or made in respect of the Company, or any person, as a director or auditor of the Company;
12. **(no determination)** ASIC makes a determination under sections 708AA(3) of the Corporations Act in respect to the Company.
13. **(new circumstances)** any announcement is made by the Company to the ASX under Listing Rule 3.1 or otherwise after the Announcement Date of any Excluded Information that is adverse to the Group's assets, liabilities, financial position or performance, profits, losses or prospects;
14. **(disclosures in Offer Materials and Public Information)** the Offer materials or the public information released by the Company in relation to the Offer contain a statement that is misleading or deceptive or likely to mislead or deceive, omit material required to be contained in them, or constitute conduct by any person which is misleading or deceptive or likely to mislead or deceive;
15. **(hostilities)** hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, the United Kingdom, any member state of the European Union, Japan, Indonesia, North Korea, South Korea, Sweden, Mauritania, Niger or the People's Republic of China;

16. **(change of law)** there is introduced or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of the Underwriting Agreement), any of which does or is likely to prohibit or regulate the Offer, capital issues or stock markets;
17. **(default)** a default by the Company in the performance of any of its obligations under the Underwriting Agreement occurs;
18. **(representations and warranties)** a representation or warranty contained in the Underwriting Agreement or any Offer Materials on the part of the Company is not true or correct in any material respect;
19. **(change in management)** a change in the roles and titles being performed by each of Brett Fraser (Chairman), Dr Bob Beeson (Managing Director) or James Merrilees (Exploration Manager) occurs;
20. **(change in board)** a change of the directors of the Company occurs without the consent of the Underwriter which must not be unreasonably withheld or delayed;
21. **(Government action)** any Government Agency commences any public action against the Company or any of its directors, or announces that it intends to take such action;
22. **(Panel action)** the performance of the obligations of the Underwriter under the Underwriting Agreement, or the completion of the Offer by the Company is prevented or restrained by a final order or notice by the Australian Takeovers Panel;
23. **(Variation)** the Company varies the terms of the Offer without the consent of the Underwriter (not to be unreasonably withheld or delayed);
24. **(Timetable)** any event specified in the Offer timetable is delayed other than in accordance with clause 4.1 or clause 4.2 of the Underwriting Agreement; or
25. **(Insolvency Event)** an Insolvency Event (as that term is defined in the Underwriting Agreement) occurs before the Settlement Date.

### 5.3 Control effect of the Offer

The effect of the Offer on control of the Company will be as follows:

- a) if all Shareholders of on the record date of 27 September 2010 take up their entitlements under the Offer, then the Offer will have no effect on the control of the Company; and
- b) in the unlikely circumstances that
  - (i) all Shareholders decide not to take up their entitlement;
  - (ii) all sub-underwriters default on their obligations to subscribe for Shortfall Shares as instructed by the Underwriter; and
  - (iii) the Underwriting Agreement has not been terminated,

the Underwriter could increase its interest in the ordinary issued capital of the Company to 16.67%.

### 5.4 Sub-underwriting

The Underwriter has advised the Company that it has entered into (or will enter into) general sub-

underwriting agreements with clients in respect of the Shortfall Shares.

One of the proposed sub-underwriters is Drake Resources Limited (**Drake**). By virtue of the fact that Messrs Brett Fraser and Jay Stephenson and Bob Beeson are directors of both the Company and Drake, Drake may be a related party of the Company, and accordingly the Company makes the following disclosure regarding the sub-underwriting of the Offer by Drake.

As at the date of this Offer Document, Drake has an interest in 3,550,000 Shares. Drake intends to subscribe for its entitlement of 710,000 Shares, and to sub-underwrite a further 666,667 Shares offered under the Offer. In the event that the Offer is fully subscribed, Drake's interest in the ordinary issued capital of the Company after the Offer will be 3.7%. In consideration for sub-underwriting the Offer, the Underwriter has agreed to pay Drake a fee of \$2,000, being 2% of the sub-underwritten amount.

## **5.5 Rights Issue Notice**

The Company has lodged with ASX a notice in accordance with section 708AA Corporations Act which sets out, amongst other information, the effect of the Offer on the control of the Company. This notice may be reviewed on the websites of the Company and ASX.

## **5.6 Competent Persons Statement**

Dr Robert Beeson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking. This qualifies Dr Beeson as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting on Exploration Results, Mineral Resources and Ore Reserves". Dr Robert Beeson consents to the inclusion in this Offer Document of the matters based on his information in the form and in the context in which it appears. Dr Beeson is a member of the Australian institute of Geoscientists.

## **5.6 Shaw disclaimer**

Shaw has not made any statement that is included in this Disclosure Document or any statement on which a statement made in the Disclosure Document is based. Shaw expressly disclaims and takes no responsibility for any statements in or omissions from this Disclosure Document. This applies to the maximum extent permitted by law.

## 6 GLOSSARY

**Acceptance Form** means the entitlement and acceptance form accompanying this Offer Document.

**ASX** means ASX Limited (ABN 51 008 624 691).

**Aura** means Aura Energy Limited (ABN 62 115 927 681).

**Business Day** means a day on which trading takes place on the stock market of ASX.

**CHESS** means ASX Clearing House Electronic Sub-registry System.

**Closing Date** means 15 October 2010 or such other date as may be determined by the Directors under this Offer Document.

**Company** means Aura Energy Limited (ABN 62 115 927 681).

**Constitution** means the Company's Constitution as at the date of this Offer Document.

**Corporations Act** means the Corporations Act 2001 (Commonwealth).

**Directors** means directors of the Company at the date of this Offer Document.

**Dollar** or \$ means Australian dollars.

**Eligible Shareholders** means a Shareholder on the Record Date other than a Non-participating Shareholder.

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

**Issue** or **Offer** means the offer and issue of Securities under this Offer Document.

**Listing Rules or ASX Listing Rules** means the Listing Rules of the ASX.

**New Shares** means a fully paid ordinary share in the capital of the Company to be issued under this Offer Document.

**Non-participating Shareholder** means Shareholders on the Record Date who are resident outside Australia and New Zealand.

**Offer Document** means this document.

**Option** means an option to acquire a Share.

**Record Date** means 27 September 2010.

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

**Shareholder** means the holder of a Share.

**Share Registry** means Computershare Investor Services Pty Ltd, Level 2, 45 St Georges Terrace, Perth WA 6000

**Shortfall** means those Shares under the Offer not applied for by Shareholders under their entitlement.

**Underwriter** means Shaw Corporate Finance Pty Ltd. (ACN 101 193 971)

**WST** means Western Standard Time.