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**AURA ENERGY LIMITED**

**ACN 115 927 681**

**NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 1:30pm

**DATE:** 21 November 2013

**PLACE:** Level 4,  
66 Kings Park Road,  
WEST PERTH WA 6005

A copy of the Aura Energy Limited 2013 Annual Report can be found at:  
[www.auraenergy.com.au](http://www.auraenergy.com.au)

*This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.*

*Should you wish to discuss the matters in this Notice of Annual General Meeting please do not hesitate to contact the Company Secretary on +61 (0) 8 6141 3500.*

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## **IMPORTANT INFORMATION**

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### **TIME AND PLACE OF MEETING**

Notice is given that the annual general meeting of the Shareholders to which this Notice of Annual General Meeting relates will be held on 1:30pm on 21 November 2013 at Level 4, 66 Kings Park Road, West Perth WA.

### **YOUR VOTE IS IMPORTANT**

The business of the Annual General Meeting affects your shareholding and your vote is important.

### **RECOMMENDATION**

The Board believes that Resolutions 1 to 8 are in the best interests of the Shareholders and unanimously recommends that Shareholders vote in favour of each of them.

With respect to the conditional resolution, Resolution 9, if put to the meeting, the Board believes it is **NOT** in the best interests of the Shareholders and unanimously recommends that Shareholders **VOTE AGAINST** Resolution 9.

### **VOTING ELIGIBILITY**

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the annual general meeting are those who are registered Shareholders at 1:30pm on 19 November 2013.

### **VOTING IN PERSON**

To vote in person, attend the Annual General Meeting at the time, date and place set out above.

### **VOTING BY PROXY**

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of Aura Energy Limited; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this General Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes is set out below.

### ***Proxy vote if appointment specifies way to vote***

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- ☉ the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- ☉ if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- ☉ if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- ☉ if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

### ***Transfer of non-chair proxy to chair in certain circumstances***

Section 250BC of the Corporations Act provides that, if:

- ☉ an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of Aura Energy Limited members; and
- ☉ the appointed proxy is not the chair of the meeting; and
- ☉ at the meeting, a poll is duly demanded on the resolution; and
- ☉ either of the following applies:
  - ▶ the proxy is not recorded as attending the meeting;
  - ▶ the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

### **DEFINED TERMS**

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Capitalised terms in this Notice of Annual General Meeting and Explanatory Statement are defined either in the “Glossary” Section or where the relevant term is first used.

### **ASIC AND ASX**

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A final copy of this Notice of Annual General Meeting and Explanatory Statement has been lodged with ASIC and ASX. Neither ASIC, ASX nor any of their respective officers takes any responsibility for the contents of this document.

AGENDA

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**1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

*“That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company’s annual financial report for the financial year ended 30 June 2013.”*

**Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.**

**Voting Prohibition Statement:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

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**2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR PETER REEVE**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of clause 13.3 of the Constitution and for all other purposes, Mr Peter Reeve, a Director, retires, and being eligible, is re-elected as a Director.”*

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**3. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – MR BRETT FRASER**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of clause 13.2 of the Constitution and for all other purposes, Mr Brett Fraser, a Director, retires by rotation, and being eligible, is re-elected as a Director.”*

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**4. RESOLUTION 4 – APPROVAL OF ISSUE OF 6,250,000 OPTIONS TO MR PETER REEVE**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“ That, for the purposes of Section 195(4) and Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 6,250,000 Options, for nil consideration, to Mr Peter Reeve (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:**

The Company will disregard any votes cast on this Resolution by Mr Peter Reeve (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and

- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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## 5. RESOLUTION 5 – GRANT OF OPTIONS TO DR ROBERT BEESON

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of Section 195(4) and Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 4,250,000 Options, for nil consideration, to Dr Robert Beeson (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

### **Voting Exclusion Statement:**

The Company will disregard any votes cast on this Resolution by Dr Robert Beeson (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

### **Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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## 6. RESOLUTION 6 – GRANT OF OPTIONS TO MR BRETT FRASER

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of Section 195(4) and Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 2,500,000 Options, for nil consideration, to Mr Brett Fraser (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

### **Voting Exclusion Statement:**

The Company will disregard any votes cast on this Resolution by Mr Brett Fraser (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

### **Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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## 7. RESOLUTION 7 – GRANT OF OPTIONS TO MR JULIAN PERKINS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of Section 195(4) and Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 2,500,000 Options, for nil consideration, to Mr Julian Perkins (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

### **Voting Exclusion Statement:**

The Company will disregard any votes cast on this Resolution by Mr Julian Perkins (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

### **Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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## 8. RESOLUTION 8 – APPROVAL OF THE FUTURE PLACEMENT OF SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to issue up to 70,000,000 Shares at an issue price of not less than 80% of the average market price for the Shares on the ASX over the last 5 trading days on which sales in the Shares were recorded before the date of the proposed issue and otherwise on the terms and conditions set out in the Explanatory Statement.”*

### **Voting Prohibition Statement:**

The Company will disregard any votes cast on Resolution 8 by any person who may participate in the proposed issue and a person who might obtain a benefit except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons, if the resolution is passed. However, unless otherwise restricted by the Corporations Act, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 9. RESOLUTION 9 - SPILL RESOLUTION

**If (and only if) the outcome of Resolution 1 in this Notice of Meeting is such that at least 25% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative) are against the adoption of the Remuneration Report, the Company is required to put the following resolution to the Meeting.**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **conditional resolution**:

*“That:*

- (a) *a general meeting of the Company (Spill Meeting) be held within 90 days of the Annual General Meeting;*
- (b) *all the Company’s Directors (other than the Managing Director of the Company) who are Directors of the Company when the resolution to make the Directors’ Report considered at the Annual General Meeting was passed (such directors being Mr Peter Reeve, Mr Brett Fraser and Mr Julian Perkins) cease to hold office immediately before the end of the Spill Meeting; and*
- (c) *resolutions to appoint persons to office that will be vacated immediately before the end of the Spill Meeting pursuant to paragraph (b) above must be put to the vote at the Spill Meeting.”*

**Voting Prohibition Statement:**

The Company will disregard any votes cast on Resolution 9 by or on behalf of any member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report, or any Closely Related Party or such a member, unless the vote is cast by a person as a proxy for a person entitled to vote in accordance with a direction on the Proxy Form or by the Chairman of the Meeting as proxy for a person entitled to vote and the Chairman as received express authority to vote undirected proxies as the Chairman sees fit.

Shareholders are referred to Section 5 of the Explanatory Statement for an explanation of the background to the inclusion of Resolution 9 in this Notice of Meeting.

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Dated: 21 October 2013

By Order of the Board

Jay Stephenson  
**COMPANY SECRETARY**

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

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## 1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

### 1.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The remuneration report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2013.

A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting.

### 1.2 Voting consequences

Although voting on the adoption of the Remuneration Report is for advisory purposes only, if there are two consecutive votes at annual general meetings of the Company against the Remuneration Report of 25% or more (each year's votes being considered a **Strike**), at the second consecutive annual general meeting at which a Strike occurs (**Second Strike**), a resolution must be put to Shareholders to hold another meeting where each Director is nominated for re-election (**Spill Resolution**). If the Spill Resolution is passed, then the Company is required to hold an additional general meeting (**Further Meeting**) within 90 days of the Spill Resolution. At the Further Meeting all Directors (excluding the Managing Director) must be nominated for re-election.

More than 25% of the votes cast at the Company's annual general meeting last year were against the resolution to adopt the Remuneration Report (**First Strike**). The Company did not receive any specific feedback at the 2012 Annual General Meeting or throughout the year on its remuneration practices and as a consequence, the Board has not taken any action to address the first strike.

Following the Company's First Strike, if 25% or more of the votes cast at this year's Annual General Meeting are against Resolution 1, the Company will receive its Second Strike and Resolution 9 will be required to be put to the 2013 Annual General Meeting.

### 1.3 Proxy Restrictions

Shareholders appointing a proxy for Resolution 1 should note the following:

Section 250R(4) of the Corporations Act prohibits any votes on this Resolution being cast by senior executives (or their associates) whose remuneration details are disclosed in the Remuneration Report. However, an exception to this prohibition exists to enable the Chairman to vote shareholders' undirected proxy votes. In this regard, you should specifically note that if you appoint the Chairman as your proxy and you indicate on the Proxy Form that you do not wish to specify how the Chairman should vote on Resolution 1, the Chairman will cast your votes in *favour* of Resolution 1. **If you wish to appoint the Chairman as your proxy but do NOT want your votes on the cast in favour of Resolution 1, you must indicate your voting intention by marking either 'against' or 'abstain' against Resolution 1 in the Proxy Form.**

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## 2. RESOLUTIONS 2 & 3 – RE-ELECTION OF DIRECTORS

Clause 13.3 of the Constitution requires any Director appointed by Directors must retire at the next annual general meeting and is then eligible for re-election at that meeting. Mr Peter Reeve retires in accordance with clause 13.3 of the Constitution and seeks re-election.

Clause 13.2 of the Constitution requires that one-third of the Directors must retire from office by rotation at each annual general meeting. Directors who retire under clause 13.2 of the Constitution are eligible for re-election. Mr Brett Fraser retires in accordance with clause 13.2 of the Constitution and seeks re-election.



### **3. RESOLUTIONS 4 TO 7 – GRANT OF OPTIONS TO RELATED PARTIES**

#### **3.1 Information Pertaining to Resolution 4 – Approval for the Issue of Options to Mr Peter Reeve**

On 13 July 2013 Mr Peter Reeve was appointed as Non-Executive Chairman of the Company. As part of his consideration for remuneration, the following Options are to be granted for nil consideration subject to shareholder approval:

- ☛ 2,000,000 Options, exercisable at 15 cents, expiring 13 January 2015 (**Tranche 1 Options**);
- ☛ 2,250,000 Options, exercisable at 20 cents, expiring 13 January 2016 (**Tranche 2 Options**); and
- ☛ 2,000,000 Options, exercisable at 20 cents, expiring 13 July 2016 (**Tranche 3 Options**).

#### **Information Pertaining to Resolutions 5, 6 and 7**

Pursuant to and in accordance with the requirements of Sections 217 to 227 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of Director Options for nil consideration:

- (a) the related parties are Messrs Beeson, Fraser, and Perkins by virtue of being Directors;
- (b) the maximum number of Director Options (being the nature of the financial benefit being provided) to be granted to the Related Parties is:
  - (i) 4,250,000 Director Options to Dr Robert Beeson;
  - (ii) 2,500,000 Director Options to Mr Fraser; and
  - (iii) 2,500,000 Director Options to Mr Perkins.

#### **3.2 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)**

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of Options constitutes giving a financial benefit and Messrs Reeve, Beeson, Fraser and Perkins are related parties of the Company by virtue of being Directors.

As the above Directors (or their nominees) may receive Options at the Meeting, the Directors are not able to consider whether that the exceptions set out in Sections 210 to 216 of the Corporations Act apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue Options under Resolutions 4, 5, 6 and 7 to Messrs Reeve, Beeson, Fraser and Perkins in accordance with section 195 of the Corporations Act.

#### **3.3 ASX Listing Rule 10.11**

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

Resolutions 4, 5, 6 and 7 involves the issue of Options to related parties of the Company, accordingly, Shareholder approval pursuant to ASX Listing Rule 10.11 is required, unless an exception applies. Further, three of the four Directors (or their nominees) may receive Options at the Meeting, accordingly, the Directors are not able to consider whether that the exceptions set out in ASX Listing Rule 10.12 apply in the current circumstances. Accordingly, Shareholder approval is sought to issue the Options under Resolutions 4, 5, 6 and 7 to Messrs Reeve, Beeson, Fraser, and Perkins.

#### **3.4 Technical Information required by ASX Listing Rule 10.13**

Approval pursuant to ASX Listing Rule 7.1 is not required for the Participation as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Options to Messrs Reeve, Beeson, Fraser, and Perkins (or their nominees) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

#### **3.5 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)**

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to Resolutions 4, 5, 6 and 7:

- (a) the related parties are Messrs Reeve, Beeson, Fraser, and Perkins by virtue of being Directors;

- (b) the maximum number Options to be issued is:
- (i) 2,000,000 Tranche 1 Options to Mr Reeve (or his nominee) through his employment contract;
  - (ii) 2,250,000 Tranche 2 Options to Mr Reeve (or his nominee) through his employment contract;
  - (iii) 2,000,000 Tranche 3 Options to Mr Reeve (or his nominee) through his employment contract;
  - (iv) 4,500,000 Director Options to Dr Beeson (or his nominee);
  - (v) 2,500,000 Director Options to Mr Fraser (or his nominee); and
  - (vi) 2,500,000 Director Options to Mr Perkins (or his nominee);
- (c) Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules). As noted in section 3.1 above, the Tranche 1 Options, Tranche 2 Options and Tranche 3 Options will be issued in accordance with Mr Reeve's employment contract;
- (d) the Tranche 1 Options, Tranche 2 Options, Tranche 3 Options and Director Options will be issued on the terms and conditions set out in Annexure A;
- (e) the value of the Tranche 1 Options, Tranche 2 Options, Tranche 3 Options and Director Options to be issued to the Directors and the pricing methodology is set out in Annexure B;
- (f) the relevant interests of Messrs Reeve, Beeson, Fraser and Perkins in securities of the Company are set out below:

Related Party	Shares No.	Options No.
Mr Peter Reeve	0	0
Dr Robert Beeson	2,257,460	2,270,710
Mr Brett Fraser	2,486,040	1,076,579
Mr Julian Perkins	240,000	56,667

- (g) the remuneration and emoluments from the Company to Messrs Reeve, Beeson, Fraser and Perkins for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	Current Financial Year \$	Previous Financial Year \$
Mr Peter Reeve	\$109,250	Nil
Dr Robert Beeson	\$360,000	\$340,292
Mr Brett Fraser	\$65,550	\$128,834
Mr Julian Perkins	\$60,088	\$91,265

- (h) if the Tranche 1 Options, Tranche 2 Options, Tranche 3 Options and Director Options are issued to Messrs Reeve, Beeson, Fraser and Perkins a total of 15,750,000 Shares would be issued. This will increase the number of Shares on issue from 183,285,591 to 199,035,591 (assuming that no other Options are exercised and no Shares other than those contemplated by the Resolutions of this Notice are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 7.92%, comprising 3.14% by Mr Reeve, 2.26% by Dr Beeson and 1.26% each by Messrs Fraser and Perkins ;
- (i) the market price for Shares during the term of the Tranche 1 Options, Tranche 2 Options , Tranche 3 Options and Director Options would normally determine whether or not the Tranche 1 Options, Tranche 2 Options, Tranche 3 Options and Director Options are exercised.
- (j) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	\$0.180	14 January 2013
Lowest	\$0.044	24 September 2013
Last	\$0.053	8 October 2013

- (k) the Board acknowledges the grant of Tranche 1 Options, Tranche 2 Options and Tranche 3 Options to Mr Reeve, and the grant of Director Options to Messrs Beeson, Fraser and Perkins is contrary to Recommendation 8.3 of The Corporate Governance Principles and Recommendations with 2010 Amendments (2nd Edition) as published by The ASX Corporate Governance Council. However, the Board considers the grant of Tranche 1 Options, Tranche 2 Options, Tranche 3 Options and Director Options to Messrs Reeve, Beeson, Fraser and Perkins reasonable in the circumstances for the reason set out in paragraph (o);

- (l) Mr Reeve declines to make a recommendation to Shareholders in relation to Resolution 4 due to his material personal interest in the outcome of this Resolution. The other Directors, who do not have a material interest in the outcome of this Resolution, recommend that Shareholders vote in favour of this Resolution. The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass this Resolution.
- (m) Dr Beeson declines to make a recommendation to Shareholders in relation to Resolution 5 due to his material personal interest in the outcome of this Resolution. The other Directors, who do not have a material interest in the outcome of this Resolution, recommend that Shareholders vote in favour of this Resolution. The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass this Resolution.
- (n) Mr Fraser declines to make a recommendation to Shareholders in relation to Resolution 6 due to his material personal interest in the outcome of this Resolution. The other Directors, who do not have a material interest in the outcome of this Resolution, recommend that Shareholders vote in favour of this Resolution. The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass this Resolution.
- (o) Mr Perkins declines to make a recommendation to Shareholders in relation to Resolution 7 due to his material personal interest in the outcome of this Resolution. The other Directors, who do not have a material interest in the outcome of this Resolution, recommend that Shareholders vote in favour of this Resolution. The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass this Resolution.
- (p) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 4, 5, 6 and 7.

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#### 4. RESOLUTION 8 – APPROVAL OF THE FUTURE PLACEMENT OF SHARES

##### 4.1 General

The Company is seeking Shareholder approval to the proposed issue of up to 70,000,000 Shares (**Future Placement**) so that this number is not included in the 15% calculation set out in ASX Listing Rule 7.1. A summary of ASX Listing Rules 7.1 and 7.4 is set out in Section 5.1 above. The effect of Resolution 8 will be to allow the Directors to issue the Shares pursuant to the Future Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

##### 4.2 Information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Future Placement:

- (a) the maximum number of Placement Shares which may be issued pursuant to Resolution 8 is 70,000,000 Shares;
- (b) the Placement Shares will be issued progressively as the persons to whom securities will be issued are identified, however, no Shares will be issued after the date which is three (3) months after the date of the Meeting (or later to the extent permitted by any ASX waiver of the ASX Listing Rules);
- (c) the issue price of the Shares proposed to be issued will not be less than 80% of the average market price of Shares on the ASX over the last 5 days on which sales in the Shares were recorded before the day on which the issue is made or, if there is a prospectus, over the last 5 days on which sales in the securities were recorded before the date the prospectus is signed;
- (d) the persons to whom securities will be issued in respect of Resolution 8 are not, as yet, identifiable, but will likely be sophisticated and professional investors identified by the Company and the clients of any brokers appointed by the Company to manage the issue. The persons to whom securities will be issued will not be related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and

- (f) the Company proposes to use the funds raised by the issue of the Shares pursuant to the Future Placement as follows:

Description	Current Year
Minimum exploration and evaluation commitments on current interests	10%
Programmed additional exploration and evaluation expenditure on current interests	50%
Evaluation of new projects and interests <sup>1</sup>	15%
Administration	10%
Working Capital <sup>1</sup>	15%
<b>TOTAL</b>	<b>100%</b>

**Note 1:** Any funds not expended on the evaluation of new projects and interests will be included in the Company's working capital budget.

## 5. RESOLUTION 9 – SPILL RESOLUTION

As set out above in the Explanatory Statement relating to Resolution 1, the Directors' Report for the year ended 30 June 2013 contains a Remuneration Report which sets out the policy for the remuneration of the Directors and executives of the Company. In accordance with Section 250R(2) of the Corporations Act the Company is required to present to its Shareholders the Remuneration Report as disclosed in the Company's 2013 Annual Report.

Under recent changes to the Corporations Act which came into effect on 1 July 2011, if at least 25% of the votes cast are against the adoption of the 2012 Remuneration Report at the 2012 Annual General Meeting, and then again at the 2013 Annual General Meeting, the Company will be required to put this Resolution 9 to the Annual General Meeting, to approve calling a general meeting (Spill Resolution).

At the Company's 2012 annual general meeting, over 25% of the votes cast were against the adoption of the Remuneration Report. Accordingly, if the outcome of Resolution 1 in this Notice of Meeting is such that at least 25% of the votes cast are against the adoption of the Remuneration Report, the Company is required to put the Spill Resolution to the Annual General Meeting.

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene a general meeting (**Spill Meeting**) within 90 days of the Annual General Meeting. All of the Directors who were in office when the Directors' Report was approved, other than the Managing Director (namely Mr Peter Reeve, Mr Brett Fraser and Mr Julian Perkins) will (if this resolution is approved) need to stand for re-election at the Spill Meeting. Following the Spill Meeting, those persons whose election or re-election as Directors is approved will be the Directors of the Company.

If Mr Peter Reeve and Mr Brett Fraser are re-elected at this year's Annual General Meeting (resolutions 2 and 3 respectively), they will need to be re-elected at the Spill Meeting to remain in office after the Spill Meeting if Shareholders vote to move to a Spill Meeting if a "second strike" eventuated.

Shareholders may vote against the adoption of the Remuneration Report (Resolution 1), but may still vote against a Spill Meeting being held. If Resolution 9 is defeated, there will be no Board spill and the current Directors will remain and hold office in accordance with the Constitution of the Company.

As a public company is required to have minimum of three directors, the Corporations Act includes a mechanism to ensure that the Company will have at least three directors (including the Managing Director) after the Spill Meeting. If at the Spill Meeting, three directors are not appointed by ordinary resolution, the persons taken to be appointed are those with the highest percentage of votes favouring their appointment cast at the Spill Meeting on the resolution of their appointment (even if less than half the votes cast on the resolution were in favour of their appointment).

The Board believes the passing of Resolution 9 is not beneficial for the Company as it will create uncertainty as to the future of the Company and, in particular, the continued exploration expenditure on the Company's current assets, including the following main projects, Häggån Project in Sweden, Reguibat Project in Mauritania and Wondinong Project in Australia.

**Accordingly, the Directors believe that Resolution 9 is NOT in the best interests of the Company and unanimously recommend that Shareholders vote AGAINST this Resolution.**

## ENQUIRIES

Shareholders are requested to contact Mr Jay Stephenson on + 61 8 6141 3570 if they have any queries in respect of the matters set out in these documents.

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## GLOSSARY

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**\$** means Australian dollars.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited.

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

**Board** means the current board of directors of Aura Energy Limited.

**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.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth).

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

**Constitution** means Aura Energy Limited constitution.

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

**Directors** means the current directors of Aura Energy Limited.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Further Meeting** means an additional annual general meeting of the Company to be held within 90 days of the Spill Resolution.

**General Meeting** or **Meeting** means the meeting convened by the Notice.

**Key Management Personnel** has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

**Notice** or **Notice of Annual General Meeting** or **Notice of General Meeting** means this notice of general meeting including the Explanatory Statement and the Proxy Form.

**Proxy Form** means the proxy form accompanying the Notice.

**Remuneration Report** means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2013.

**Resolutions** means the resolutions set out in the Notice of Annual General Meeting, or any one of them, as the context requires.

**Share** means a fully paid ordinary share in the capital of Aura Energy Limited.

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

**Spill Meeting** means a general meeting of the Company.

**Spill Resolution** means another meeting of the Company where each Director is nominated for re-election.

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

- (a) **Entitlement**  
Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) **Exercise Price**  
Subject to paragraph (j), the amount payable upon exercise of each Option is referred to in Annexure B (**Exercise Price**)
- (c) **Expiry Date**  
Each Option will expire at 5.00pm (WST) on the dates referred to in Annexure B (**Expiry Date**). An Option not exercised before 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 later of the following:
- (i) the Exercise Date; and
  - (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,
- but in any case no later than 20 Business Days after the Exercise Date, the Company will:
- (i) 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;
  - (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
  - (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.
- If a notice delivered under (g)(iv) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.
- (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) **Transferability**  
The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

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**ANNEXURE B – VALUATION OF RELATED PARTY OPTIONS**

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The Related Party Options to be issued to the Related Parties pursuant to Resolution 4 has been valued by internal management.

Using the Black & Scholes option model and based on the assumptions set out below, the Related Party Options to be issued pursuant to Resolution 4 were ascribed the following value:

<b>Assumptions:</b>	<b>Tranche 1 Options</b>	<b>Tranche 2 Options</b>	<b>Tranche 3 Options</b>
Valuation date	<i>3 October 2013</i>	<i>3 October 2013</i>	<i>3 October 2013</i>
Vesting date	<i>Immediate</i>	<i>18 months</i>	<i>24 months</i>
Market price of Shares	<i>5.3 cents</i>	<i>5.3 cents</i>	<i>5.3 cents</i>
Exercise price	<i>15 cents</i>	<i>20 cents</i>	<i>20 cents</i>
Expiry date (length of time from issue)	<i>13/01/2015</i> <i>(1.5 years)</i>	<i>13/01/2016</i> <i>(2.5 years)</i>	<i>13/07/2016</i> <i>(3 years)</i>
Risk free interest rate	<i>2.46%</i>	<i>2.80%</i>	<i>2.80%</i>
Volatility (discount)	<i>73.79%</i>	<i>73.79%</i>	<i>73.79%</i>
<b>Indicative value per Related Party Option</b>	<i>0.497 cents</i>	<i>0.744 cents</i>	<i>0.973 cents</i>
<b>Total Value of Related Party Options</b>	<i>\$9,948</i>	<i>\$16,741</i>	<i>\$19,466</i>

The Related Party Options to be issued to the Related Parties pursuant to Resolutions 5, 6 and 7 have been valued by internal management.

Using the Black & Scholes option model and based on the assumptions set out below, the Related Party Options to be issued pursuant to Resolutions 5, 6 and 7 were ascribed the following value:

<b>Assumptions:</b>	<b>Director Options</b>	<b>Director Options</b>
Valuation date	<i>3 October 2013</i>	<i>3 October 2013</i>
Vesting date	<i>Immediate</i>	<i>Immediate</i>
Market price of Shares	<i>5.2 cents</i>	<i>5.2 cents</i>
Exercise price	<i>15 cents</i>	<i>20 cents</i>
Expiry date (length of time from issue)	<i>13/01/2015</i> <i>1.1 years</i>	<i>13/07/2016</i> <i>2.6 years</i>
Risk free interest rate	<i>2.60%</i>	<i>2.80%</i>
Volatility (discount)	<i>73.79%</i>	<i>73.79%</i>
<b>Indicative value per Related Party Option</b>	<i>0.272 cents</i>	<i>0.937 cents</i>
<b>Total Value of Related Party Options</b>	<i>\$8,157</i>	<i>\$30,328</i>
- <i>Dr Robert Beeson</i>	<i>\$5,438</i>	<i>\$18,955</i>
- <i>Mr Brett Fraser</i>	<i>\$2,719</i>	<i>\$11,373</i>
- <i>Mr Julian Perkins</i>	<i>\$2,719</i>	<i>\$11,373</i>

Note: The valuation noted above is not necessarily the market price that the Related Party Options could be traded at and is not automatically the market price for taxation purposes.



**PROXY FORM**

**APPOINTMENT OF PROXY  
AURA ENERGY LIMITED  
ACN 115 927 681**

**ANNUAL GENERAL MEETING**

I/We

of

being a member of Aura Energy Limited entitled to attend and vote at the Annual General Meeting, hereby

Appoint

Name of proxy

OR  the Chair of the Annual General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the Annual General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Annual General Meeting to be held at 1:30pm WST, on 21 November 2013 at Level 6, 66 Kings Park Road, West Perth WA 6005, and at any adjournment thereof.

**The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.**

**Voting on Business of the Annual General Meeting**

	FOR	AGAINST	ABSTAIN
Resolution 1 – Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Re-election of Director – Mr Peter Reeve	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Re-election of Director – Mr Brett Fraser	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Issue of Options to Mr Peter Reeve	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Issue of Options to Dr Robert Beeson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 – Issue of Options to Mr Brett Fraser	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 – Issue of Options to Mr Julian Perkins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 – Approval of Future Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**As stated in the notice of meeting, the Directors recommend that you vote AGAINST Resolution 9**

Resolution 9 – Spill Resolution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

**Important for Resolution 1 and 4 through 7**

If you have not directed your proxy how to vote as your proxy in respect of Resolutions 1 and 4 through 7 and the Chair is, or may by default be, appointed your proxy, you must mark the box below.

I/we direct the Chair to vote in accordance with his/her voting intentions (as set out above) on Resolutions 1 and 4 through 7 (except where I/we have indicated a different voting intention above) and expressly authorise that the Chair may exercise my/our proxy even though Resolutions 1 and 4 through 7 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel and acknowledge that the Chair may exercise my/our proxy even if the Chair has an interest in the outcome of Resolutions 4 through 7 and that votes cast by the Chair for Resolutions 4 through 7, other than as proxy holder, will be disregarded because of that interest.

**If the Chair is, or may by default be, appointed your proxy and you do not mark this box and you have not directed the Chair how to vote, the Chair will not cast your votes on Resolutions 1 and 4 through 7 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 1 and 4 through 7.**

If two proxies are being appointed, the proportion of voting rights this proxy represents is \_\_\_\_\_ %

**Signature of Member(s):**

**Date:** \_\_\_\_\_

**Individual or Member 1**

**Member 2**

**Member 3**

**Sole Director/Company Secretary**

**Director**

**Director/Company Secretary**

**Contact Name:** \_\_\_\_\_ **Contact Ph (daytime):** \_\_\_\_\_





**AURA ENERGY LIMITED**

**ACN 115 927 681**

**INSTRUCTIONS FOR COMPLETING 'APPOINTMENT OF PROXY' FORM**

1. **(Appointing a Proxy):** A member entitled to attend and cast a vote at an Annual General Meeting is entitled to appoint a proxy to attend and vote on their behalf at the meeting. If the member is entitled to cast 2 or more votes at the meeting, the member may appoint a second proxy to attend and vote on their behalf at the meeting. However, where both proxies attend the meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A member who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a member appoints 2 proxies and the appointments do not specify the proportion or number of the member's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a member of the Company.
2. **(Direction to Vote):** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
  - **(Individual):** Where the holding is in one name, the member must sign.
  - **(Joint Holding):** Where the holding is in more than one name, all of the members should sign.
  - **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the Annual General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the Annual General Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) post to Aura Energy Limited, Level 4, 66 Kings Park Road, West Perth WA 6005; or
  - (b) facsimile to the Company on facsimile number +61 8 6141 3599; or
  - (c) email to the Company at [info@auraenergy.com.au](mailto:info@auraenergy.com.au),so that it is received not less than 48 hours prior to commencement of the Meeting.

**Proxy forms received later than this time will be invalid.**