

AURA ENERGY LIMITED

ACN 115 927 681

ENTITLEMENT ISSUE PROSPECTUS

For a non-renounceable entitlement issue of 1 Share for every 6 Shares held by those Shareholders registered at the Record Date at an issue price of \$0.15 per Share to raise up to \$3,419,752 (based on the number of Shares on issue as at the date of this Prospectus) plus a free attaching option with an exercise price of \$0.20 and an expiry date of 1 December 2014 (**Offer**).

The Offer is fully underwritten by Cygnet Capital Pty Limited ACN 103 488 606 (AFS Licence 241095). Refer to Section 5.4 for details regarding the terms of the Underwriting Agreement.

IMPORTANT NOTICE

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

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

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CORPORATE DIRECTORY

Directors

Mr Brett Fraser (Non Exec. Chairman)
Dr Bob Beeson (Managing Director)
Mr Leigh Junk (Non Executive Director)
Mr Simon O'Loughlin (Non Executive Director)
Mr Julian Perkins (Non Executive Director)
Mr Jay Stephenson (Non Executive Director)

Company Secretary

Mr Jay Stephenson
Telephone: +61 8 6141 3500

Share Registry

Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building
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PERTH WA 6000

Telephone: +61 8 9315 2333
Facsimile: +61 8 9315 2233

Auditor*

Bentleys (WA) Pty Ltd
Level 1, 12 Kings Park Road
WEST PERTH WA 6005

Telephone: +61 8 9226 4500
Facsimile: +61 8 9226 4300

Registered Office

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WEST PERTH WA 6005

Telephone: + 61 8 6141 3500
Facsimile: +61 8 6141 3599

Email: info@auraenergy.com.au
Website: www.auraenergy.com.au

Underwriter

Cygnnet Capital Pty Limited
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WEST PERTH 6005

Telephone: +61 8 9226 5511
Facsimile: +61 8 9322 8744

Solicitors

Steinepreis Paganin
Lawyers and Consultants
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Corporate Advisor

Pareto Capital Pty Ltd
338 Hay Street,
SUBIACO WA 6008

Telephone: +61 8 6489 0800
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* This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus

TIMETABLE

Lodgement of Prospectus with the ASIC	23 December 2011
Lodgement of Prospectus & Appendix 3B with ASX	23 December 2011
Notice sent to Shareholders	29 December 2011
Ex date	30 December 2011
Record Date for determining Entitlements	4.00pm (WST) 6 January 2012
Prospectus despatched to Shareholders & Company announces despatch has been completed	10 January 2012
Closing Date*	5.00pm (WST) on 3 February 2012
Securities quoted on a deferred settlement basis	6 February 2012
ASX notified of under subscriptions	8 February 2012
Despatch of holding statements	9 February 2012

* The Directors may extend the Closing Date by giving at least 6 Business Days notice to ASX prior to the Closing Date. As such the date the Shares are expected to commence trading on ASX may vary.

IMPORTANT NOTES

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

This Prospectus is dated 23 December 2011 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

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

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

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

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

RISK FACTORS

Potential investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 4 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Securities in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

ELECTRONIC PROSPECTUS

A copy of this Prospectus can be downloaded from the website of the Company at www.auraenergy.com.au. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

1. DETAILS OF THE OFFER

1.1 Offer

The Offer is being made as a fully underwritten non-renounceable entitlement issue of 1 Share for every 6 Shares held by Shareholders registered at the Record Date at an issue price of \$0.15 per Share plus a free attaching option with an exercise price of \$0.20 and an expiry date of 1 December 2014 (**New Option**) for every Share subscribed for and issued. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, a maximum of 22,798,345 Shares and 22,798,345 New Options will be issued pursuant to this Offer to raise up to approximately \$3,419,752. No funds will be raised from the issue of the New Options.

As at the date of this Prospectus the Company has 6,720,000 Options on issue all of which may be exercised prior to the Record Date in order to participate in the Offer. Please refer to Section 2.4 of this Prospectus for information on the exercise price and expiry date of the Options on issue.

This Prospectus also includes a separate offer to the Underwriter for 10,000,000 New Options. Pursuant to the Underwriting Agreement, the Company must issue 10,000,000 New Options to the Underwriter or its nominees upon completion of the Offer.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 3 for further information regarding the rights and liabilities attaching to the Shares.

All of the New Options issued under this Prospectus will be issued on the terms and conditions set out in Section 3.2 of this Prospectus.

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

The purpose of the Offer and the intended use of funds raised are set out in Section 2.1 of this Prospectus.

1.2 Minimum subscription

There is no minimum subscription.

1.3 Acceptance

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

You may participate in the Offer as follows:

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

- (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form; or
- (b) if you only wish to accept **part** of your Entitlement:
 - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies (at \$0.15 per Share); or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

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

One New Option with an exercise price of \$0.20 and an expiry date of 1 December 2014 will be issued for every Share subscribed for and issued under the Offer.

If you are an eligible Shareholder and wish to take up some or all of your Entitlement for Shares under the Offer, you can use one of the following payment methods:

(a) Entitlement and Acceptance Form and accompanying Cheque or Money order

Eligible Shareholders wishing to pay by cheque, bank draft or money order must follow the instructions on the Entitlement and Acceptance Form, provide a cheque or bank draft made payable to "Aura Energy Limited Share Issue A/C" and return your completed form and payment to:

Aura Energy Limited,
C/- Computershare Investor Services Pty Limited,
GPO Box 505,
Melbourne VIC 3001,
Australia

to be received by the Share Registry no later than 5.00pm (WST) on 3 February 2012 (**Closing Date**).

(b) Payment by BPAY®

Eligible Shareholders wishing to pay by BPAY are able to do so using the specific biller code and Customer Reference Numbers detailed on their Entitlement and Acceptance Form.

If you choose to pay via BPAY you are not required to submit your Entitlement and Acceptance Form.

Your payment will not be accepted after 5:00pm (WST) on the Closing Date and no Shares will be issued to you in respect of that application. If you have multiple holdings you will have multiple BPAY reference numbers. To ensure you receive your Shares in respect of that holding, you must use the specific biller code and the customer reference number shown on each personalised Application Form when paying for any New Shares that you wish to apply for in respect of that holding. If you inadvertently use the same Customer Reference Number for more than one of your applications, you will be deemed to have applied only for the application to which that Customer Reference Number applies and any excess amount will be refunded.

Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. You may also have your own limit on the amount that can be paid via BPAY. It is your responsibility to check that the amount you wish to pay via BPAY does not exceed your limit.

1.4 Underwriting

The Offer is fully underwritten by Cygnet Capital Pty Limited (**Cygnet**).

Pursuant to the Underwriting Agreement, as part of the underwriting fee the Company will issue 10,000,000 Options on the same terms as the New Options offered pursuant to this Prospectus, to be listed, exercisable at \$0.20 and expiring on 1 December 2014.

The offer of the 10,000,000 New Options to be issued to Cygnet (or its nominees) pursuant to the Underwriting Agreement is a separate offer made pursuant to this Prospectus.

Refer to Section 5.4 of this Prospectus for further details of the terms of the underwriting.

1.5 Shortfall Offer

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

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.15, being the price at which Shares have been offered under the Offer.

Persons identified by the Underwriter to participate in the Shortfall must complete a Shortfall Application Form provided by the Underwriter.

The Shortfall shall be placed at the discretion of the Underwriter. The Underwriter (together with the Company) reserves the right to allot to an Applicant a lesser number of Shortfall Securities than the number for which the Applicant applies, or to reject an application.

1.6 ASX listing

Application for Official Quotation of the Securities offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Securities offered pursuant to this Prospectus before the expiration of 3

months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Securities and will repay all application monies for the Securities within the time prescribed under the Corporations Act, without interest.

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

1.7 Allotment

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

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

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

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

1.8 Overseas Shareholders

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

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

Shareholders resident in New Zealand should consider the additional statements set out in Section 1.9 of this Prospectus and should consult their professional advisors as to whether any government or other consents are required, or other formalities need to be observed, to enable them to exercise their Entitlements under the Offer.

1.9 Offer in New Zealand

The Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and the *Corporations Regulations 2001* (Cth). In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008.

The Offer and the content of the Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act sets out how the Offer must be made.

There are differences in how securities are regulated under Australian law.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to the Offer. If you need to make a complaint about the Offer, please contact the Financial Markets Authority, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer may involve a currency exchange risk. The currency for the Securities is not New Zealand dollars. The value of the Securities will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant. If you expect the Securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

As stated at Section 1.6 of this Prospectus, the Company will apply to ASX for quotation of the Securities offered under this Prospectus. If quotation is granted the Securities offered under this Prospectus will be able to be traded on ASX. If you wish to trade the Securities through that market, you will have to make arrangements for a participant in that market to sell the securities on your behalf. If the securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

1.10 Enquiries

Any questions concerning the Offer should be directed to Jay Stephenson, Company Secretary, on +61 8 6141 3500.

If you have any queries about your Entitlement or how to participate in the Offer, contact the Aura Energy Limited Shareholder Information Line on 1300 544 913 (within Australia) or +61 3 9415 4000 (outside Australia), from 8.30am to 5.00pm (WST), Monday to Friday.

2. PURPOSE AND EFFECT OF THE OFFER

2.1 Purpose of the Offer

The purpose of the Offer is to raise up to \$3,419,752 (before expenses). No funds will be raised from the Issue of the New Options.

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

Proceeds of the Offer	Full Subscription	%
Expenses of the Offer ¹	\$278,520	8.1
Development of Haggan Uranium Deposit	\$1,500,000	43.9
Development of Reguibat Uranium Deposit	\$1,500,000	43.9
Working capital	\$141,232	4.1
Total	\$3,419,752	100

Notes:

1. Refer to Section 5.10 of this Prospectus for further details relating to the estimated expenses of the Offer.

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

2.2 Effect of the Offer

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

- (a) increase the cash reserves by \$3,141,232 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer;
- (b) increase the number of Shares on issue from 136,790,068 as at the date of this Prospectus to 159,588,413 Shares; and
- (c) increase the number of Options on issue from 6,720,000 as at the date of this Prospectus to 39,518,345 Options. Please refer to Section 2.4 below for the key terms of the different classes of Options currently on issue.

2.3 Pro-forma balance sheet

The auditor reviewed balance sheet as at 30 June 2011 and the unaudited pro-forma balance sheet as at 30 June 2011 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

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

expenses of the Offer.

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

	30 June 2011	Pro-Forma 30 June 2011
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	3,289,774	6,431,006
Trade and other receivables	187,607	187,607
TOTAL CURRENT ASSETS	3,477,381	6,618,613
NON-CURRENT ASSETS		
Plant and equipment	26,933	26,933
Exploration and evaluation assets	11,465,790	11,465,790
TOTAL NON-CURRENT ASSETS	11,492,723	11,492,723
TOTAL ASSETS	14,970,104	18,111,336
CURRENT LIABILITIES		
Trade and other payables	885,253	885,253
Short term provisions	18,307	18,307
TOTAL CURRENT LIABILITIES	903,560	903,560
TOTAL LIABILITIES	903,560	903,560
NET ASSETS	14,066,544	17,207,776
EQUITY		
Issued Capital	21,074,083	24,215,315
Reserves	923,395	923,395
Accumulated Losses	(7,930,934)	(7,930,934)
TOTAL EQUITY	14,066,544	17,207,776

2.4 Effect on capital structure

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

Shares

	Number
Shares currently on issue	136,790,068
Shares offered pursuant to the Offer	22,798,345
Total Shares on issue after completion of the Offer	159,588,413

Options

	Number
Options (exercise price \$0.25, expiry date 1 February 2012)	550,000
Options (exercise price \$0.69, expiry date 20 March 2013)	650,000
Options (exercise price \$1.05, expiry date 30 March 2013)	650,000
Options (exercise price \$0.60, expiry date 24 April 2013)	400,000
Options (exercise price \$0.30, expiry date 23 December 2014)	400,000
Options (exercise price \$0.45, expiry date 31 March 2016)	570,000
Options (exercise price \$0.31, expiry date 31 October 2014)	3,500,000
New Options ¹ to be issued to Underwriter (or its nominees)	10,000,000
New Options ¹ offered pursuant to the Offer	22,798,345
Total Options on issue after completion of the Offer	39,518,345

Notes:

1. New Options are exercisable at \$0.20 on or before 1 December 2014.

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

2.5 Details of substantial holders

Based on publicly available information as at 15 December 2011, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
UBS Nominees Pty Ltd	9,275,898	7.15

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

3. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

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

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

3.1 Rights and liabilities of Shares

General meetings

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

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

Voting rights

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

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

Dividend rights

The Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend. Subject to the rights of any preference Shareholders and to the rights of the holders of any shares credited or raised under any special arrangement as to dividend, the dividend as declared shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares in accordance with Part 2H.5 of Chapter 2H of the Corporations Act. The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividends shall be payable except out of profits. A determination by the Directors as to the profits of the Company shall be conclusive. No dividend shall carry interest as against the Company.

The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors,

for any purpose for which the profits of the Company may be properly applied.

The Directors may from time to time grant to Shareholders or any class of shareholders the right to elect to reinvest cash dividends paid by the Company by subscribing for Shares in the Company on such terms and conditions as the Directors think fit. The Directors may, at their discretion, resolve in respect of any dividend which it is proposed to pay or to declare on any Shares of the Company, that holders of such Shares may elect to forgo their right to the whole or part of the proposed dividend and to receive instead an issue of Shares credited as fully paid to the extent and on the terms and conditions of the Constitution.

Winding-up

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

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

Shareholder liability

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

Transfer of Shares

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

Variation of rights

Under Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

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

Alteration of Constitution

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

3.2 Rights and liabilities of New Options

Each New Option gives the Optionholder the right to subscribe for one Share. To obtain the right given by each New Option, the Optionholder must exercise the New Options in accordance with the terms and conditions of the New Options.

- (a) The New Options will expire at 5:00 pm (WST) on 1 December 2014 (**Expiry Date**). Any New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (b) The amount payable upon exercise of each New Option will be \$0.20 per New Option (**Exercise Price**).
- (c) The New Options held by each Optionholder may be exercised in whole or in part.
- (d) An Optionholder may exercise its New Options by lodging with the Company, before the Expiry Date a cheque (with a written notice of New Options (**Exercise Notice**) specifying the number of New Options being exercised, or electronic funds transfer (including BPay) for the Exercise Price for the number of New Options being exercised.
- (e) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (f) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of New Options specified in the Exercise Notice.
- (g) The New Options are transferable.
- (h) All Shares allotted upon the exercise of New Options will upon allotment rank pari passu in all respects with other Shares.
- (i) Subject to the requirements of the ASX Listing Rules, the Company will apply for quotation of the New Options on ASX.
- (j) The Company will apply for quotation of all Shares allotted pursuant to the exercise of New Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (k) 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.
- (l) There are no participating rights or entitlements inherent in the New Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their New Options prior to the date for determining entitlements to participate in any such issue.

- (m) A New Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the New Option can be exercised.

4. RISK FACTORS

4.1 Introduction

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

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

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

4.2 Company specific

(a) Uranium risk

The Company is involved in exploring for uranium. Uranium mining is subject to extensive regulation by State and Federal Governments.

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

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

4.3 General risks

(a) Operating

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

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

(b) 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.

(c) **Economic**

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

(d) **Market conditions**

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

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

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

(e) **Dividends**

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

(f) **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain

independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

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

(g) **Reliance on key personnel**

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

(h) **Speculative Investments**

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

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

The success of the Company depends on the delineation of economically mineable reserves 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 and mining 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.

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

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

Furthermore, international prices of various commodities are denominated in US dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the exchange rate between the US dollar and the Australian dollar as determined in international markets.

(k) **Environmental Risks**

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

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

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

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

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

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

(n) **Future Capital Requirements**

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

(o) **Potential Acquisitions**

As part of its business strategy, the Company may make acquisitions of or significant investments in companies, products, technologies or resource projects. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products or resource projects.

(p) **Resource Estimations**

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

4.4 Speculative investment

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

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

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

5. ADDITIONAL INFORMATION

5.1 Litigation

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

5.2 Continuous disclosure obligations

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

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

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

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

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

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

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

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

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

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

Date	Description of Announcement
19/12/2011	Appendix 3B and Change of Director's Interest Notice x 3
09/12/2011	Fully Underwritten Non-Renounceable Entitlement Issue
07/12/2011	Trading Halt
30/11/2011	Investor Presentation
24/11/2011	Results of Annual General Meeting
07/11/2011	High Haggan uranium recovery confirmed by agitation bioleach
31/10/2011	Quarterly Activities Report
31/10/2011	Quarterly Cashflow Report
24/10/2011	Notice of Annual General Meeting / Proxy Form
06/10/2011	Drilling commencing at Motala shale gas project in Sweden

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

5.3 Mandate

On 8 December 2011, the Company entered into a mandate agreement with Cygnet Capital Pty Limited (**Cygnet**) pursuant to which Cygnet was appointed as the Underwriter to the Offer (**Cygnet Mandate**). The key terms of the underwriting arrangement have been formalised in the Underwriting Agreement, a summary of which is provided in Section 5.4 below.

Under the Cygnet Mandate, the Company must pay a one-off introduction fee of 1% of all capital raised under the Mandate (being approximately \$34,198 plus GST) to Pareto Capital Pty Ltd.

5.4 Underwriting Agreement

By an agreement dated 22 December 2011 between Cygnet and the Company (**Underwriting Agreement**), Cygnet agreed to fully underwrite the Offer for 22,798,345 Shares and 22,798,345 Options.

Pursuant to the Underwriting Agreement, in consideration for the Cygnet's underwriting obligation, the Company has agreed to:

- (a) pay Cygnet (or its nominees) an underwriting fee of 6% of all funds raised under the Offer (being approximately \$205,185 plus GST); and
- (b) issue to Cygnet (or its nominees) a total of 10,000,000 New Options upon completion of the Offer.

If the value of the Shortfall Securities is less than the underwriting fee of \$205,185 plus GST, Cygnet reserves the right to have the underwriting fee settled in Shares issued at \$0.15 (being 1,367,900 Shares).

The obligation of Cygnet to underwrite the Offer is subject to certain events of termination. Cygnet may terminate its obligations under the Underwriting Agreement if:

- (a) **(Indices fall)**: the All Ordinaries Index and the S&P/ASX 200 Energy Index as published by ASX are at any time on 3 consecutive trading days after the date of the Underwriting Agreement 10% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement; or
- (b) **(Share Price)**: the Shares finish trading on the ASX under the ASX code of "AEE" on any 3 consecutive trading day with a closing price that is less 15 cents; or
- (c) **(Prospectus)**: the Company does not lodge the Prospectus on the Lodgement Date or the Prospectus or the Offer is withdrawn by the Company; or
- (d) **(Copies of Prospectus)**: the Company fails to comply with clause 4.1(d) of the Underwriting Agreement and such failure is not remedied within 2 days; or
- (e) **(Supplementary prospectus)**:
 - (i) Cygnet, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement as a result of an occurrence as described in clause 5.4(p)(vi), forms the view on reasonable grounds that a supplementary or replacement prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary or replacement prospectus in such form and content and within such time as Cygnet may reasonably require; or

- (ii) the Company lodges a supplementary or replacement prospectus without the prior written agreement of Cygnet otherwise than as permitted by clause 4.1(h) or clause 4.1(i) of the Underwriting Agreement; or
- (f) **(Non-compliance with disclosure requirements):** it transpires that the Prospectus does not contain all the information required by section 713 of the Corporations Act; or
- (g) **(Misleading Prospectus):** it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of section 713 of the Corporations Act) or if any statement in the Prospectus becomes or misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive; or
- (h) **(Restriction on allotment):** the Company is prevented from allotting the Rights Securities within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
- (i) **(Withdrawal of consent to Prospectus):** any person (other than Cygnet) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent; or
- (j) **(ASIC application):** an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Prospectus, the Shortfall Notice Deadline Date has arrived, and that application has not been dismissed or withdrawn; or
- (k) **(ASIC hearing):** ASIC gives notice of its intention to hold a hearing under section 739 or any other provision of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or ASIC makes an interim or final stop order in relation to the Prospectus under section 739 or any other provision of the Corporations Act; or
- (l) **(Takeovers Panel):** the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act; or
- (m) **(Hostilities):** there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, or the Peoples Republic of China or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world; or
- (n) **(Authorisation):** any Authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to Cygnet; or

- (o) **(Indictable offence):** a director or senior manager of a Relevant Company is charged with an indictable offence; or
- (p) **(Termination Events):** subject always to clause 13.2 of the Underwriting Agreement, any of the following events occurs:
 - (i) **(Default):** default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking; or
 - (ii) **(Incorrect or untrue representation):** any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect; or
 - (iii) **(Contravention of constitution or Act):** a material contravention by a Relevant Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX; or
 - (iv) **(Adverse change):** an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a likely Material Adverse Effect after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in Cygnet's reasonable opinion, unlikely to be met in the projected time; or
 - (v) **(Error in Due Diligence Results):** it transpires that any of the Due Diligence Results or any part of the Verification Material was misleading or deceptive, materially false or that there was a material omission from them; or
 - (vi) **(Significant change):** a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor; or
 - (vii) **(Public statements):** without the prior approval of Cygnet (such approval not to be unreasonably withheld), a public statement is made by the Company in relation to the Offer, the Issue or the Prospectus, unless such public statement is required by law, the Listing Rules or a governmental agency; or
 - (viii) **(Misleading information):** any information supplied at any time by the Company or any person on its behalf to Cygnet in respect of any aspect of the Offer or the Issue or the affairs of any Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive; or
 - (ix) **(Change in Act or policy):** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy that has not been

publicly disclosed or proposed as at the date of the Underwriting Agreement; or

- (x) **(Prescribed Occurrence)**: a Prescribed Occurrence occurs; or
- (xi) **(Suspension of debt payments)**: the Company suspends payment of its debts generally; or
- (xii) **(Event of Insolvency)**: an Event of Insolvency occurs in respect of the Company or its subsidiaries; or
- (xiii) **(Judgment against a Relevant Company)**: a judgment in an amount exceeding \$50,000 is obtained against a Relevant Company and is not set aside or satisfied within 7 days; or
- (xiv) **(Litigation)**: litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced or threatened against the Company or its subsidiaries, other than any claims foreshadowed in the Prospectus; or
- (xv) **(Board and senior management composition)**: there is a change in the composition of the Board or a change in the senior management of the Company before completion of the Offer without the prior written consent of Cygnet; or
- (xvi) **(Change in shareholdings)**: there is a material change in the major or controlling shareholdings of the Company or its subsidiaries or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company; or
- (xvii) **(Timetable)**: there is a delay in any specified date in the Timetable which is greater than 7 Business Days; or
- (xviii) **(Force Majeure)**: a Force Majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs; or
- (xix) **(Certain resolutions passed)**: the Company or any of its subsidiaries passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of Cygnet; or
- (xx) **(Capital Structure)**: the Company or any of its subsidiaries alters its capital structure in any manner not contemplated by the Prospectus, excluding the issue of any Shares upon exercise of options, such options having been disclosed to the ASX as at the date of the Underwriting Agreement; or
- (xxi) **(Investigation)**: any person is appointed under any legislation in respect of companies to investigate the affairs of the Company or any of its subsidiaries; or
- (xxii) **(Market Conditions)**: a suspension for more than 2 trading days or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing

financial markets, political or economic conditions of Australia, the United Kingdom, the United States of America or other international financial markets; or

- (xxiii) **(Material Breach)**: if the Company fails to rectify any material breach of the Cygnet Mandate having been given 10 business days notice in writing by Cygnet of such breach having occurred.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to Cygnet that are considered standard for an agreement of this type.

5.5 Disclosure of Underwriting on Voting Power

As at the date of this Prospectus the Underwriter does not have a relevant interest in any Shares.

The potential maximum increase in the voting power of the Underwriter should no Shareholders take up their Entitlement under the Offer will be 14.28%.

Notwithstanding the potential effect of the underwriting above, in accordance with the terms of the Underwriting Agreement, the Underwriter will allocate the Shortfall to its sub-underwriters and/or clients such that neither the Underwriter, the sub-underwriters nor any of the Underwriter's clients, individually, will have a voting power in the Company in excess of 19.9% after the issue of the Shortfall. Therefore, neither the Underwriter nor any of the sub-underwriters nor any of the Underwriter's clients will obtain control of the Company as a result of the Underwriter underwriting the Offer.

5.6 Market price of Shares

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

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

Highest	\$0.270	11 October 2011
Lowest	\$0.160	20 December 2011
Last	\$0.175	21 December 2011

5.7 Interests of Directors

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

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

(c) the Offer,

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

(a) as an inducement to become, or to qualify as, a Director; or

(b) for services provided in connection with:

(i) the formation or promotion of the Company; or

(ii) the Offer.

Security holdings

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

Director	Shares	Options	Entitlement Shares	Entitlement Options
Mr Brett Fraser	1,959,461	750,000	326,577	326,577
Dr Bob Beeson	1,655,000	2,000,000	275,833	275,833
Mr Leigh Junk	750,000	0	125,000	125,000
Mr Simon O'Loughlin	868,112	0	144,685	144,685
Mr Julian Perkins	40,000	50,000	6,667	6,667
Mr Jay Stephenson	1,580,200	750,000	263,367	263,367

The Board recommends all Shareholders take up their Entitlement and advises that all Directors are considering taking up their respective Entitlements.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$300,000 per annum.

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

For the financial years ended 30 June 2010 and 30 June 2011 the Company paid (or has payable) by way of approved remuneration for services provided by all Directors or former directors of the Company (executive, non-executive and alternate), companies associated with those Directors or former directors of the Company or their associates in their capacity as Directors or former directors of the Company, employees, consultants or advisers (inclusive of employer superannuation contributions) a total of \$426,719 and \$464,111 respectively.

The proposed annual remuneration of the Directors for the financial year ending 30 June 2012 is set out in the table below.

Director	Amount (\$)
Mr Brett Fraser	60,000
Dr Bob Beeson	165,000
Mr Leigh Junk	55,000
Mr Simon O'Loughlin	55,000
Mr Julian Perkins	55,000
Mr Jay Stephenson	55,000

5.8 Interests of experts and advisers

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

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

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

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

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

- (a) the formation or promotion of the Company; or
- (b) the Offer.

Cygnnet has acted as the Underwriter to the Company in relation to the Offer. The Company estimates it will pay Cygnnet \$205,185 (excluding GST and disbursements) and issue Cygnnet 10,000,000 New Options for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Cygnnet Capital Pty Limited has not been paid any fees by the Company.

Pareto Capital Pty Ltd (**Pareto**) has acted as corporate advisor to the Company in relation to the Offer. The Company estimates it will pay Pareto \$34,198 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Pareto has not been paid any fees by the Company.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$10,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$24,577 (excluding GST and disbursements) for legal services provided to the Company.

5.9 Consents

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Cygnnet has given its written consent to being named as the Underwriter to the Company in this Prospectus. Cygnnet has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Pareto has given its written consent to being named as the corporate advisor to the Company in this Prospectus. Pareto has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Computershare has given its written consent to being named as the Share Registry to the Company in this Prospectus. Computershare has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

5.10 Expenses of the Offer

In the event that all Entitlements are accepted, the total cash expenses of the Offer are estimated to be approximately \$278,520 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	2,137
ASX fees	22,000
Legal fees	10,000
Underwriting Fees	205,185
Introduction Fee	34,198
Printing and distribution	5,000
Total	278,520

5.11 Electronic Prospectus

Pursuant to Class Order 00/44, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on +61 8 6141 3500 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at www.auraenergy.com.au/.

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

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

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

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

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

5.13 Privacy Act

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

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

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

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

6. DIRECTORS' AUTHORISATION

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

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



JAY STEPHENSON
DIRECTOR
For and on behalf of
AURA ENERGY LIMITED

7. GLOSSARY

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

Applicant means a Shareholder, Underwriter or other party instructed by the Underwriter who applies for Securities pursuant to the Offer a Shareholder, Underwriter or other party who applies for Shortfall Securities pursuant to the Shortfall Offer.

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

ASIC means the Australian Securities and Investments Commission.

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

ASX Listing Rules means the listing rules of the ASX.

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

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

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

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

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

Computershare means Computershare Investor Services Pty Limited (ABN 48 078 279 277)

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

Corporations Act means the Corporations Act 2001 (Cth).

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

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

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

New Option means an Option issued under this Prospectus on the terms and conditions set out in Section 3.2.

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

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Pareto means Pareto Capital Pty Ltd (ACN 131 858 681).

Prospectus means this prospectus.

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

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

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

Shareholder means a holder of a Share.

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

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

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in Section 1.5 of this Prospectus.

Shortfall Securities means those Securities issued pursuant to the Shortfall.

Underwriter or **Cygnat** means Cygnat Capital Pty Limited (ACN 103 488 606).

Underwriting Agreement means the underwriting agreement entered into between the Company and the Underwriter dated 22 December 2011 and summarised in Section 5.4.

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