
AURA ENERGY LIMITED

ACN 115 927 681

NOTICE OF GENERAL MEETING

TIME: 12:00 noon (WST)

DATE: 25 October 2012

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

This Notice of 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 Meeting please do not hesitate to contact the Company Secretary on (08) 6141,3570.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The General Meeting of the Shareholders of Aura Energy Limited to which this Notice of Meeting relates will be held at 12:00 noon (WST) on 25 October 2012 at:

Level 4, 66 Kings Park Road, West Perth WA 6005

YOUR VOTE IS IMPORTANT

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

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 General Meeting are those who are registered Shareholders at 12:00 noon (WST) on 23 October 2012.

VOTING IN PERSON

To vote in person, attend the General Meeting on the date and at the 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 the Company; 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 the Company's 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.

NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of Shareholders of Aura Energy Limited will be held at 12:00 noon (WST) on 25 October 2012 at Level 4, 66 Kings Park Road, West Perth, Western Australia.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the proxy form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at the close of business on 23 October 2012.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF OPTIONS TO CYGNET CAPITAL PTY LIMITED

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

"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 10,000,000 options to Cygnet Capital Pty Limited (or its nominees) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue 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.

RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF OPTIONS TO GRESHAM PARTNERS LIMITED

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

"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 1,000,000 options to Gresham Partners Limited on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue 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.

DATED: 10 September 2012
BY ORDER OF THE BOARD



JAY STEPHENSON
COMPANY SECRETARY

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the General Meeting to be held at Level 4, 66 Kings Park Road, West Perth Western Australia at 12:00 noon (WST) on 25 October 2012.

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolution in the Notice of Meeting.

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF 10,000,000 OPTIONS TO CYGNET CAPITAL PTY LIMITED OR ITS NOMINEES

1.1 General

On 22 December 2011, the Company signed an agreement with Cygnet Capital Pty Limited (**Underwriting Agreement**) to fully underwrite the offer made under an entitlement issue prospectus, dated 23 December 2011, and lodged with ASIC on that date, for the offer of 22,798,345 Shares and 22,798,345 free attaching Options. Pursuant to the Underwriting Agreement, in consideration for Cygnet Capital Pty Limited's underwriting obligation, the Company agreed to:

- (a) pay Cygnet Capital Pty Limited (or its nominees) an underwriting fee of 6% of all funds raised under the Entitlement Issue Prospectus (being approximately \$205,185 plus GST); and
- (b) issue to Cygnet Capital Pty Limited (or its nominees) a total of 10,000,000 Options (**Underwriter Options**).

Resolution 1 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Underwriter Options, each exercisable at 20 cents on or before 1 December 2014.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

1.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the ratification of the issue of the Underwriter Options:

- (a) 10,000,000 Options were allotted;
- (b) the Underwriter Options were issued for nil consideration in satisfaction of underwriting services provided by Cygnet Capital Pty Limited;

- (c) the Underwriter Options will be issued on the terms and conditions set out in Schedule 1;
- (d) the Underwriter Options were allotted and issued to Cygnet Capital Pty Limited (or its nominees), who is not a related party of the Company, pursuant to section 708 of the Corporation Act;
- (e) no funds were raised from this issue, as the Underwriter Options were issued in consideration for underwriting services provided by Cygnet Capital Pty Limited.

2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF 1,000,000 OPTIONS TO GRESHAM PARTNERS LIMITED

2.1 General

On 10 May 2012, the Company announced that it had appointed Gresham Advisory Partners Limited as a corporate advisor to the Company. Under the terms of the appointment, Gresham were issued 1,000,000 Options (**Gresham Options**), each exercisable at 20 cents on or before 31 May 2015.

Resolution 2 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 1,000,000 Gresham Options exercisable at 20c on or before 31 May 2015.

A summary of ASX Listing Rule 7.1 is set out in Section 1.1 above.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

2.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the ratification of the issue of the Gresham Options:

- (a) 1,000,000 Options were allotted;
- (b) the Gresham Options were issued for nil consideration in satisfaction of corporate advisory services provided by Gresham Partners Limited;
- (c) the Gresham Options will be issued on the terms and conditions set out in Schedule 2;
- (d) the Gresham Options were allotted and issued to Gresham, who is not a related party of the Company, pursuant to section 708 of the Corporation Act;
- (e) no funds were raised from this issue, as the Gresham Options were issued in consideration for corporate advisory services provided by Gresham Partners Limited.

3. RECOMMENDATION

The Board believes that the resolutions to be proposed at the Company's General Meeting are in the best interests of the Company and (except where otherwise stated) unanimously recommend that shareholders vote in favour of each resolution.

GLOSSARY

\$ 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 the Company.

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

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

General Meeting means the meeting convened by the Notice of Meeting.

Gresham Option has the meaning set out in section 2.1 of the Explanatory Statement.

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

Option means an option to acquire a Share.

Optionholder means a holder of an Underwriter Option or Gresham Option, as the context requires.

Resolution means the resolution set out in the Notice of Meeting, or any one of them, as the context requires.

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

Shareholder means a holder of a Share.

Underwriter Option has the meaning set out in section 1.1 of the Explanatory Statement.

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

SCHEDULE 1 – TERMS AND CONDITIONS OF UNDERWRITER OPTIONS

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

- (a) The Underwriter Options will expire at 5:00 pm (WST) on 1 December 2014 (**Expiry Date**). Any Underwriter Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (b) The amount payable upon exercise of each Underwriter Option will be \$0.20 per Underwriter Option (**Exercise Price**).
- (c) The Underwriter Options held by each Optionholder may be exercised in whole or in part.
- (d) An Optionholder may exercise its Underwriter Options by lodging with the Company, before the Expiry Date a cheque (with a written notice of Underwriter Options (**Exercise Notice**) specifying the number of Underwriter Options being exercised, or electronic funds transfer (including BPay) for the Exercise Price for the number of Underwriter 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 Underwriter Options specified in the Exercise Notice.
- (g) The Underwriter Options are transferable.
- (h) All Shares allotted upon the exercise of Underwriter 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 Underwriter Options on ASX.
- (j) The Company will apply for quotation of all Shares allotted pursuant to the exercise of Underwriter 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 Underwriter Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Underwriter 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 Underwriter Options prior to the date for determining entitlements to participate in any such issue.
- (m) An Underwriter Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Underwriter Option can be exercised.

SCHEDULE 2 – TERMS AND CONDITIONS OF GRESHAM OPTIONS

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Optionholder the right to subscribe for one Share.
- (b) The Options will expire at 5.00pm (WST) on 31 May 2015 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Option will be \$0.20 (**Exercise Price**).
- (d) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;

(Exercise Notice).
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) 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 Options specified in the Exercise Notice.
- (h) The Options are transferable.
- (i) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (j) The Company will apply for quotation of the Options on ASX.
- (k) The Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (l) 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.
- (m) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (n) 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.

PROXY FORM

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

GENERAL MEETING

I/We

Of

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

Appoint

Name of proxy

OR

☐

Mark this box if you wish to appoint the Chairman of the Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the 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 General Meeting to be held at 12:00 noon (WST) on 25 October 2012 at Level 4, 66 Kings Park Road, West Perth, Western Australia, and at any adjournment thereof.

OR

Voting on Business of the General Meeting

FOR AGAINST ABSTAIN

Resolution 1 – Ratification of Issue of 10,000,000 Underwriter Options to
Cygnat Capital Pty Limited or its Nominees

☐ ☐ ☐

Resolution 2 – Ratification of Issue of 1,000,000 Gresham Options to
Gresham Advisory Partners Limited

☐ ☐ ☐

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 to be counted in computing the required majority on a poll.

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 a 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 General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the 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 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, PO Box 52, West Perth, Western Australia 6872; or
 - (b) facsimile to the Company on +61 8 6141 3599,

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.