



8 August 2014

Dear Shareholder

Aura Energy Limited – pro-rata non-renounceable entitlement issue

As announced on 5 August 2014, Aura Energy Limited (ACN 115 927 681) (Company) is undertaking a pro rata non-renounceable entitlement issue (Entitlement Issue or Offer) of approximately 52,428,510 fully paid ordinary shares (New Shares) and 26,214,255 options (New Options) to raise approximately \$1,572,855. The price of New Shares under the Offer is \$0.03 each (Issue Price). The New Options are exercisable at \$0.06 expiring on or before 1 September 2015. The Company lodged a prospectus for the Offer (Prospectus) with ASIC and ASX on 7 August 2014.

The Entitlement Issue is not underwritten.

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

Item	Proceeds of the Offer	Minimum Subscription (\$)	Full Subscription (\$)	%
1.	Commence Reguibat Feasibility	0	800,000	51
2.	Maintain permits in good standing	150,000	240,000	15
3.	Expenses of the Offer ¹	48,811	48,811	3
4.	Working capital	51,189	484,044	31
	Total	250,000	1,572,855	100

In the event the Company raises more than the minimum subscription of \$250,000, the additional funds raised will be first applied towards expenses of the Offer and then on a pro-rata basis amongst the remaining items in the table above.

The Offer is being made to all shareholders of the Company (Shareholders) named on its register of members at 5pm (WST) on 14 August 2014, whose registered address is in Australia or New Zealand.

New Shares will rank equally with all fully paid ordinary shares in the capital of the Company (Shares) already on issue.

Following completion of the Offer, the Company will have issued approximately 52,428,510 New Shares resulting in total Shares on issue of approximately 262,142,548 and 26,214,255 New Options resulting in total Options on issue of approximately 85,748,473.

A copy of the Prospectus is available on ASX's and the Company's website. Eligible Shareholders will be mailed a Prospectus together with an Entitlement and Acceptance Form no later than 19 August 2014. Your entitlement will be set out on the personalised Entitlement and Acceptance Form accompanying the Prospectus.

For the purposes of calculating each Eligible Shareholders' entitlement, fractions of entitlements have been rounded up to the nearest whole number of New Shares.

Actions required of Eligible Shareholders

There are a number of actions Eligible Shareholders may take:

- You may wish to accept all of your rights to subscribe for New Shares pursuant to the Prospectus (Entitlement). To take up all or some of your Entitlements you will need to ensure your application money for the Entitlements you wish to take up is received by Computershare Investor Services Pty Ltd (Share Registry) by no later than 5pm (WST) on 2 September 2014, by completing and returning your Entitlement and Acceptance Form together with 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 making a payment by BPAY in accordance with the instructions on your Entitlement and Acceptance Form.
- You may wish to accept part of your Entitlement. To take up part of your Entitlement you will need to ensure your application money for the Entitlements you wish to take up is received by the Share Registry by no later than 5pm (WST) on 2 September 2014, by completing and returning your Entitlement and Acceptance Form by filling in the number of New Shares you wish to accept in the space provided on the Entitlement and Acceptance Form together with your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies OR making a payment by BPAY in accordance with the instructions on your Entitlement and Acceptance Form (at \$0.03 per New Share).
- You may do nothing. If you choose to do nothing with your Entitlements, while you will continue to hold the same number of Shares, your interest in the Company will be diluted and you will receive no value for your Entitlement.

*Please note that payments by BPAY will need to be received by the Share Registry by no later than 4:00pm (WST) on 2 September 2014, and your financial institution may have earlier cut off times with regard to electronic payments.

Key dates for the Offer

Announce Offer and Notice sent to Option holders	Tuesday, 5 August 2014
Lodgement of Prospectus with the ASIC	7 August 2014
Lodgement of Prospectus & Appendix 3B with ASX	7 August 2014
Notice sent to Shareholders	11 August 2014
Ex date	12 August 2014
Record Date for determining Entitlements	5pm (WST), 14 August 2014
Prospectus sent to Shareholders & Company announces this has been completed	19 August 2014
Last day to extend Closing Date	28 August 2014
Closing Date*	5pm (WST), 2 September 2014
Securities quoted on a deferred settlement basis	3 September 2014
ASX notified of under subscriptions	5 September 2014
Issue Date	9 September 2014
Quotation of Shares issued under the Offer*	10 September 2014

*The Directors may extend the Closing Date by giving at least 3 Business Days notice to ASX prior to the Closing Date. As such the date the Securities are expected to commence trading on ASX may vary.

If you have any queries concerning the Entitlement Issue, or the action you are required to take to subscribe for New Shares, please contact your financial adviser or the Company Secretary, Stan Zillwood on +61 3 9890 1744.

Yours sincerely



Dr Bob Beeson
Managing Director