

10 February 2017

UNMARKETABLE PARCEL SALE FACILITY

Aura Energy Limited (ASX: AAE/AIM: AURA) (the “Company”) wishes to inform the market that it has instituted a Sale Facility for shareholders who hold unmarketable parcels of shares in the Company.

Under ASX Listing Rules an unmarketable parcel is defined as:

- (i) a shareholding with a market value of less than A\$500, and therefore
- (ii) any shareholding of 13,513 shares or less in the Company, based on the closing share price of 3.7 cents on the Record Date (6 February 2017) is an unmarketable parcel

The Company has 528 shareholders with unmarketable parcels with the total number of shares impacted being 2,715,812.

If shareholders with unmarketable parcels do not wish to sell their shares through this Facility, they must complete and return the Share Retention Form to the share registry for the Company, Computershare Investor Services Pty Ltd, by 5.00 pm (Perth time) on 24 March 2017.

Upon the sale of the unmarketable parcels, sale proceeds shall be forwarded to eligible shareholders provided, a shareholder is entitled to receive more than \$2.00 in sale proceeds. The Company will donate sale proceeds for a shareholder that is less than \$2.00.

Attached to this Announcement is proforma letter and Information Pack that will be sent to shareholders with unmarketable parcels as well as a copy of the Share Retention Form.

For more information please contact:

JM Madden

Company Secretary
+61 (0)3 9516 6500

www.auraenergy.com.au



10 February 2017

[Shareholder]

[Address]

[Address]

Dear Shareholder

SALE OF YOUR UNMARKETABLE PARCEL OF AURA ENERGY LIMITED SHARES

I am writing to you to advise you that Aura Energy Limited (the “Company”) has established a share sale facility (the “Facility”) for eligible small shareholders to sell their shareholding in the Company without incurring any brokerage or handling costs.

The Facility is available to shareholders who as at 6 February 2017 (the “Record Date”) were holders of shares in the Company valued at less than \$500 (each being an “Unmarketable Parcel”) as such a holding is not capable of being sold on market. Based on the closing price of 3.7 cents per share on the Record Date, an Unmarketable Parcel is any holding of 13,513 or less (the “Sale Shares”).

Our records show that you were an Unmarketable Parcel holder at the Record Date. You have until 5.00 pm (Perth time) on 24 March 2017 (the “First Closing Date”) to inform the Company that you do NOT wish to sell your shares – a six-week period as required under ASX Listing Rule 15.13. To provide those shareholders who wish to retain their shares a further opportunity to respond, the Company will send a second letter on 24 March 2017 advising those shareholders that unless they respond by 5 pm (Perth time) 4 April 2017 (the “Second Closing Date”), the Company will sell their shares through the Facility in accordance with Clause 3 of the Constitution of the Company.

Key Dates

Event	Dates
Unmarketable Parcels Record Date	5.00 pm (Perth time) 6 February 2017
Unmarketable Parcels Announcement ASX	10 February 2017
Letters sent to shareholders holding Unmarketable Parcels attaching the Information Pack	10 February 2017
First Closing Date for receipt of Share Retention Form	5.00 pm (Perth time) 24 March 2017
Second letter sent to shareholders to consider retention of their Unmarketable Parcels	28 March 2017
Second Closing Date for receipt of Share Retention Form	5.00 pm (Perth time) 4 April 2017

Aura Energy Limited

ACN 115 927 681

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However, if on the Second Closing Day the value of your shares has increased such that you no longer have an Unmarketable Parcel (ie., due to the increase in the Company's share price or the number of shares that you hold) your shares will not be sold.

To retain your holding of shares

If you wish to retain your Unmarketable Parcel of shares in the Company (ie., you DO NOT wish to sell your shares through the Facility) you must complete the Share Retention Form.

The Share Retention Form (see the attachment to this letter) must be completed and returned to the Company by no later than 5.00 pm (Perth time) on 24 March 2017.

A second letter with an accompanying Share Retention Form will be sent to shareholders on 10 March 2017. This letter and its accompanying Share Retention Form will provide shareholders with a further opportunity to consider whether they wish to retain their shares. Shareholders will have five business days (ie., until 4 April 2017) to respond to this second letter after which the Company will sell the shares classified as unmarketable parcels.

If you do not take any action before the Second Closing Date your shares will be sold

The sale price will be determined once all of the Sale Shares under the Facility are sold. Each shareholder will receive their proportionate share of the sale proceeds for all the Sale Shares sold through the Facility without any brokerage or handling costs.

Under the Facility, the Company:

- (i) is authorised to sell all of your Sale Shares without any transaction costs being incurred by you; and
- (ii) will pay you the sales proceeds following settlement of all Sale Shares through the Facility provided the proceeds are \$2.00 or more. If your proceeds are less than \$2.00, the Company will donate the proceeds to the Peter McCallum Cancer Foundation (ACN 786 237 480) on your behalf.

If you need help deciding what to do or if you require information regarding the financial, legal or tax consequences of participating in the Facility, you should consult your financial or taxation or professional adviser.

The attached Information Pack sets out further details surrounding the Facility, which you should read before making any decision. You can also contact the Company, if you have any queries about lodging your Share Retention Form or the operation of the Facility.

Yours sincerely



PD Reeve
Executive Chairman and Chief Executive Officer

INFORMATION PACK
UNMARKETABLE PARCEL SALE FACILITY

1. *What is an Unmarketable Parcel?*
An Unmarketable Parcel is a holding of Aura Energy Limited shares valued at less than \$500. Based on the closing share price for the Company at the Record Date, this is a holding of 13,513 shares or less as such a holding cannot be sold on market.
2. *What was the closing price of the shares on the Record Date?*
The closing price for Aura Energy Limited at the Record Date was 3.7 cents per share.
3. *What do I have to do to sell my shares through the Facility?*
Nothing. Your shares will be automatically sold unless you return a Share Retention Form.
4. *How will my shares be sold under the Facility?*
Under the Facility, your shares may be on-market.
5. *What price will I receive for shares sold through the Facility?*
The price that you receive for your shares under the Facility will be determined once all of the Sale Shares under the Facility are sold. Each shareholder will receive their proportionate share of the sale proceeds for all Sale Shares sold through the Facility (rounded down to the nearest cent).

If the proceeds from the sale of your shares are less than \$2.00, the Company will donate the proceeds to the Peter McCallum Cancer Foundation on your behalf.

You should note that the sale price you are paid for your Shares may be different from the sale price appearing in the media or on the Australian Securities Exchange on a day a sale occurs, and may not be the best execution price on the trading day or trading days that your Shares are sold or at any other time during the operation of the Facility. The sale price will depend on a number of factors, including market conditions at the time of the sale. Further, the sale price you are paid for your Shares may be less than the price you paid to acquire the Shares in the Company over time.

6. *When will the proceeds for the sale of Shares be sent to me?*
Payment will be sent to you following settlement of the sale of all Sale Shares through the Facility or otherwise as soon as it is practicable. Payment will be made in Australian dollars either by direct credit to your nominated account (where the Company has your details) or by way of cheque. You will be notified by way of a transaction confirmation statement of the number of your Shares that have been sold, the sale price obtained and the total sale proceeds payable to you. The transaction confirmation statement (and cheque if direct credit details have not been provided) will be sent by post to your address as shown in the share register.
7. *What if my details require updating?*
Should you wish to update either your direct credit instructions or your address in the share register, you can amend your direct credit instructions or your address online

through Computershare's Investor Centre site at www.computershare.com.au/investor. You will be required to enter your Security Reference Number (SRN) or Holder Identification Number (HIN) and postcode as shown on your enclosed Share Retention Form. As an additional security measure, you will also be required to create a User Identification and Password if you have not previously used the Computershare Investor Centre website.

8. *What do I have to do if I wish to retain my Aura Energy Limited Shares?*

If you wish to retain your Aura Energy Limited Shares, you must sign and return the Share Retention Form so that it is received before the Closing Date, 5.00 pm (Perth time) on 24 March 2017. If your Share Retention Form is not received by the Closing Date and you have not otherwise validly notified the Company that you wish to retain your Shares by the Closing Date, the Company will be entitled to sell your Shares for you.

For those shareholders that do not respond to the First Closing Date, a second letter will be sent to those shareholders on 28 March 2017 and those shareholders must respond by 4 April 2017 if they wish to retain their Shares.

9. *Where do I send my Share Retention Form?*

Your Share Retention Form must be sent to:

Computershare Investor Services Pty Limited
GPO Box 52
Melbourne Victoria 3001

Further, your Shares will not be sold if, on the Closing Date, their value has increased to \$500 or more.

10. *If I buy more Shares, will I retain my holding?*

The Company will not sell your Shares providing you increase your holding to a marketable parcel as at the Closing Date. A marketable parcel of Shares is worth at least \$500 based on the ASX closing price of Aura Energy Limited Shares.

For a purchase to be effective notification that you wish to retain your Shares, any additional Shares acquired must be registered by the Closing Date under the same name and address and with the same holder number (SRN or HIN) as set out in the accompanying Share Retention Form.

11. *What if my Shares are held in a CHESS Holding?*

If you have an Unmarketable Parcel of Shares and your Shares remain in a CHESS Holding, the Company may move those Shares to an Issuer Sponsored Holding and the Shares will then be sold through the Facility on the same terms described in this Information Pack.

12. *Where can I get further information?*

If you have any questions concerning your shareholding or queries about how the Facility will work, please contact the Company on (3) 9516 6500.

13. *What if I do not know what to do?*

This Information Pack and accompanying letter do not constitute advice, nor a recommendation to buy, sell or hold Shares in the Company, nor that the Facility is the best way to sell your Shares. If you are in doubt about what to do, you should consult legal or financial or taxation or other professional adviser.

14. *Important notes*

Aura Energy Limited reserves the right to change any of the dates referred to in the accompanying letter, this Information Pack or the Share Retention Form by written notice to the ASX. Aura Energy Limited may, before a sale is effected under the Facility, suspend or terminate the Facility, either generally or in specific cases.