

5 August 2014

LETTER TO OPTION HOLDERS

Dear Optionholder

PRO-RATA RENOUNCEABLE ENTITLEMENT ISSUE

As announced today, 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 new options to raise approximately \$1,572,855 (before costs of the Offer). The price of New Shares under the Offer is \$0.03 each (Issue Price). The Company will lodge a prospectus for the Offer (Prospectus) with ASIC and ASX on Thursday, 7 August 2014.

The funds are being raised for the purpose of commencing a feasibility study of the Rebuibat Project in Mauritania, maintenance of the Company's tenements in Mauritania and Sweden, and for general working capital.

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 (Record Date).

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 approximately 26,214,255 New Options resulting in total Options on issue of approximately 85,748,473.

Optionholders

The terms and conditions of the options you currently hold do not entitle you to participate in the Entitlement Issue unless you exercise your options in time for new shares to be issued and to be entered on the Company's register of members on the Record Date.

To exercise your options and thereby participate in the Entitlement Issue, you will need to deliver the following to the Company at Suite 3, Level 1, 19-23 Prospect Street, Box Hill, Victoria 3128:

a notice of exercise of options;

an option certificate (where the options are certificated) or a copy of a holding statement (where the options are uncertificated) in respect of those options to be exercised; and

payment for the exercise price in respect of those options to be exercised by way of a cheque made payable to "Aura Energy Limited".

To ensure that your new shares are issued prior to the Record Date, the above must be received by Aura Energy Limited **no later than 13 August 2014**. If received after this date, issue of new shares prior to the Record Date cannot be assured.

Before deciding whether to exercise any or all of your options, you should read the Prospectus in its entirety.

This notice is important and requires immediate attention. If you have any queries concerning the Entitlement Issue, please contact your financial adviser or Stan Zillwood, Aura Energy Limited's Company Secretary on +61 3 9890 1744.

Yours sincerely

Dr B Beeson
Managing Director

For further information contact:

Stan Zillwood
Company Secretary, Aura Energy
+61 (0)3 9890 1744
info@auraenergy.com.au

Headquartered in Melbourne and listed on the ASX, Aura Energy (AEE) is an explorer and developer of uranium assets. The company has advanced uranium projects with large resources that are close to the surface in both Europe and Africa and also has a resource in Australia. Aura holds a total of 860 million pounds (389,000 tonnes) uranium in inferred resources. Its two main projects include: the Häggån Project located in Sweden's Alum Shale Province, one of the largest depositories of uranium in the world; and the highly prospective Reguibat Province in Mauritania. The company aims to create shareholder value by completing feasibility studies on these two projects