

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Aurora Minerals Limited will be held at the Company's office at Level 2, 231 Adelaide Terrace, Perth on 30 November 2007 commencing at 10.30 am to conduct the following business:

1. Financial Report

To receive the Financial Report and the reports of the Directors and Auditors for the year ended 30 June 2007.

2. Resolution 1 - Re-election of the Chairman, Mr Phillip Jackson as a director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Mr Phillip Jackson, a director of the Company, who retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a director."

3. Resolution 2 – Adoption of Remuneration Report

To consider and, if thought fit, to pass the following non-binding resolution as an ordinary resolution:

"To adopt the Remuneration Report for the year ended 30 June 2007 as disclosed in the 2007 Annual Report."

Note – the vote on this resolution is advisory only and does not bind the Directors of the Company.

4. Resolution 3 - Issue of Unlisted Options to Able Kids Pty Ltd, the consulting company of Dr Robert Taylor who is the Managing Director of Aurora Minerals Limited

To consider and if thought fit, pass the following resolution as an ordinary resolution:

"That for the purposes of Listing Rule 10.11 of the Listing Rules of the Australian Securities Exchange and Section 208 of the Corporations Act 2001 and for all other purposes, the Company approve and authorise the grant and issue of 3,000,000 options to subscribe for 3,000,000 ordinary shares in the capital of the Company to Able Kids Pty Ltd (a company associated with Dr Robert Taylor a director of the Company and which provides consulting services to Aurora Minerals Limited) or to its approved Nominee, at a 69.5% premium above the market price of the Company's shares on the date on which the Options are issued, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting Exclusion Statement

The Company will in accordance with section 224 of the Corporations Act and the Listing Rules of the Australian Securities Exchange, disregard any votes cast on this resolution 3 by Able Kids Pty Ltd, and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, or any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of Able Kids Pty Ltd or any associate of Able Kids Pty Ltd..

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ABN 46 106 304 787

5. Resolution 4 - Issue of Unlisted Options to Anketell Pty Ltd, the consulting company of Mr Garry O'Hara who is Executive Director of Aurora Minerals Limited

To consider and if thought fit, pass the following resolution as an ordinary resolution:

"That for the purposes of Listing Rule 10.11 of the Listing Rules of the Australian Securities Exchange and Section 208 of the Corporations Act 2001 and for all other purposes, the Company approve and authorise the grant and issue of 3,000,000 options to subscribe for 3,000,000 ordinary shares in the capital of the Company to Anketell Pty Ltd (a company associated with Mr Garry O'Hara, a director of the Company, and which provides consulting services to Aurora Minerals Limited) or to its approved Nominee, at a 69.5% premium above the market price of the Company's shares on the date on which the Options are issued, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting Exclusion Statement

The Company will in accordance with section 224 of the Corporations Act and the Listing Rules of the Australian Securities Exchange, disregard any votes cast on this resolution 4 by Anketell Pty Ltd, and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, or any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of Anketell Pty Ltd or any associate of Anketell Pty Ltd..

6. Resolution 5 - Issue of Unlisted Options to Holihox Pty Ltd, the consulting company of Mr Phillip Jackson, Chairman of Directors of Aurora Minerals Limited

To consider and if thought fit, pass the following resolution as an ordinary resolution:

"That for the purposes of Listing Rule 10.11 of the Listing Rules of the Australian Securities Exchange and Section 208 of the Corporations Act 2001 and for all other purposes, the Company approve and authorise the grant and issue of 1,500,000 options to subscribe for 1,500,000 ordinary shares in the capital of the Company to Holihox Pty Ltd (a company associated with Mr Phillip Jackson a director of the Company and which provides consulting services to Aurora Minerals Limited) or to its approved Nominee, at a 69.5% premium above the market price of the Company's shares on the date on which the Options are issued, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting Exclusion Statement

The Company will in accordance with section 224 of the Corporations Act and the Listing Rules of the Australian Securities Exchange, disregard any votes cast on this resolution 5 by Holihox Pty Ltd, and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, or any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of Holihox Pty Ltd or any associate of Holihox Pty Ltd..

7. Resolution 6- Issue of Options to Consultants

To consider and, if thought fit, to pass the following non-binding resolution as an ordinary resolution:

"That for the purposes of Listing Rule 7.1 of the Listing Rules of the Australian Securities Exchange and for all other purposes, the Company approve and authorise the grant and issue of a total of 3,550,000 options to subscribe for 3,550,000 ordinary shares in the capital of the Company to the persons described in the Explanatory Meeting (being persons providing consultancy services to the Company) to be shared between those persons as specified in such Explanatory Statement and other wise to be issued and on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion Statement

The Company will disregard any votes cast on this resolution 6 by any person who may participate in the proposed issue, and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, or any associates of those persons. However, the Company need not disregard a vote if:

- it is cast by a person as 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 a proxy for a person who is entitled to vote, in accordance with a direction on the proxy forms to vote as the proxy decides.

AURORA MINERALS LIMITED

ABN 46 106 304 787

8. Resolution 7- Approval of Employee Option Plan

To consider and if thought fit, pass the following resolution as an ordinary resolution:

"That approval be given for all options issued under the Aurora Employee Option Plan tabled at the meeting to be issued under an exception to listing rule 7.1 (being the exception specified in Listing Rule 7.2 exception 9)."

Voting Exclusion

The Company will disregard any votes cast on this resolution by:

- (a) a director of the Company (except one who is ineligible to participate in any employee incentive plan in relation to the Company); or
- (b) an associate of such persons.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) 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.

9. Resolution 8– Ratification of the Aurora Minerals Limited Share Placements made on 2 April 2007 and 21 May 2007

To consider and if thought fit, pass the following resolution as an ordinary resolution:

"That, pursuant to Listing Rule 7.4 of the Listing Rules of the Australian Securities Exchange Limited and for all other purposes, the Company ratify the allotment and issue of 1,648,000 fully paid ordinary shares in the capital of the Company which were made on 2 April 2007 **at an issue price of 40 cents each** (being the portion of the 8,990,000 shares issued at the time which was not ratified at the Extraordinary Meeting held on 17 January 2007) and on 21 May 2007 (3,636,363 shares **at an issue price of 55 cents each**) to the parties specified in, and on such terms and conditions referred to, in the Explanatory Memorandum accompanying this Notice of General Meeting."

Voting Exclusion Statement

The Company will disregard any votes cast on this resolution 8 by any person who participated in the issue and any associates of such persons. However, the Company need not disregard a vote if:

- it is cast by a person as 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 a proxy for a person who is entitled to vote, in accordance with a direction on the proxy forms to vote as the proxy decides.

10. Resolution 9 – Approval for possible future placement of Shares

To consider and if thought fit, pass the following resolution as an ordinary resolution:

"For the purposes of Rule 7.1 of the Listing Rules of the Australian Securities Exchange Limited and for all other purposes, that approval be given for the Directors, if they think fit, to issue of up to 9,886,000 ordinary fully paid Shares in the Company at an issue price that is at least 80% of the average market price for fully paid ordinary Shares in the Company over a period of 5 trading days before the date of issue (or the date of any prospectus in connection with the issue) and on such terms and conditions referred to in the Explanatory Memorandum accompanying this Notice of General Meeting."

Voting Exclusion Statement

The Company will disregard any votes cast on this resolution 9 by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed and any associates of such persons. However, the Company need not disregard a vote if:

- it is cast by a person as 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 a proxy for a person who is entitled to vote, in accordance with a direction on the proxy forms to vote as the proxy decides.

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AURORA MINERALS LIMITED

ABN 46 106 304 787

11. Resolution 10 - Issue of Desert Energy Limited Unlisted Options by Desert Energy Ltd to Able Kids Pty Ltd, the consulting company of Dr Robert Taylor who is an Executive Director of Desert Energy Limited

To consider and if thought fit, pass the following resolution as an ordinary resolution:

"That for the purposes of Section 208 of the Corporations Act 2001 and for all other purposes, the Company approve and authorise the grant and issue by Desert Energy Ltd of 3,000,000 options to subscribe for 3,000,000 ordinary shares in the capital of the Desert Energy Ltd to Able Kids Pty Ltd (a company associated with Dr Robert Taylor a director of the Company and which provides consulting services to Desert Energy Limited) or to its Nominee, at a 100.1% premium above the market price of the Company's shares on the date on which the Options are issued, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting Exclusion Statement

The Company will in accordance with section 224 of the Corporations Act disregard any votes cast on this resolution 10 by Able Kids Pty Ltd, or any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of Able Kids Pty Ltd or any associate of Able Kids Pty Ltd.

12. Resolution 11 - Issue of Desert Energy Limited Unlisted Options by Desert Energy Ltd to Anketell Pty Ltd, the consulting company of Mr Garry O'Hara who is an Executive Director of Desert Energy Limited

To consider and if thought fit, pass the following resolution as an ordinary resolution:

"That for the purposes of Section 208 of the Corporations Act 2001 and for all other purposes, the Company approve and authorise the grant and issue by Desert Energy Ltd of 3,000,000 options to subscribe for 3,000,000 ordinary shares in the capital of the Desert Energy Ltd to Anketell Pty Ltd (a company associated with Mr Garry O'Hara, a director of the Company, and which provides consulting services to Desert Energy Limited) or to its approved Nominee, at a 100.1% premium above the market price of the Company's shares on the date on which the Options are issued, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting Exclusion Statement

The Company will in accordance with section 224 of the Corporations Act , disregard any votes cast on this resolution 11 by Anketell Pty Ltd, or any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of Anketell Pty Ltd or any associate of Anketell Pty Ltd.

13. Resolution 12 - Issue of Desert Energy Limited Unlisted Options by Desert Energy Limited to Holihox Pty Ltd, the consulting company of Mr Phillip Jackson, Chairman of Directors of Desert Energy Limited

To consider and if thought fit, pass the following resolution as an ordinary resolution:

"That for the purposes of Section 208 of the Corporations Act 2001 and for all other purposes, the Company approve and authorise the grant and issue of 1,500,000 options to subscribe for 1,500,000 ordinary shares in the capital of the Desert Energy Limited to Holihox Pty Ltd (a company associated with Mr Phillip Jackson a director of the Company and which provides consulting services to Desert Energy Limited) or to its approved Nominee, at a 100.1% premium above the market price of the Company's shares on the date on which the Options are issued, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting Exclusion Statement

The Company will in accordance with section 224 of the Corporations Act, disregard any votes cast on this resolution 12 by Holihox Pty Ltd, or any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of Holihox Pty Ltd or any associate of Holihox Pty Ltd.

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AURORA MINERALS LIMITED

ABN 46 106 304 787

The Explanatory Memorandum that accompanies and forms part of this Notice describes in more detail the matters to be considered.

PROXIES

A form of proxy is enclosed herewith. A member who is entitled to attend and vote at a meeting is entitled to appoint a proxy (and a member who is entitled to cast 2 or more votes may appoint not more than two proxies) to attend and vote at the meeting. A proxy need not be a member of the Company. Where a member appoints two proxies, the proportion of the member's voting rights given in favour of each proxy must be specified. Proxies must be received by the Company not later than 48 hours before the meeting. Proxies may be lodged by fax.

ENTITLEMENT TO VOTE

In accordance with regulation 7.11.37 of the Corporations Regulations 2001, the Company determines that members holding ordinary shares held as at 5.00pm Perth time on 28 November 2007 will be entitled to attend and vote at the Annual General Meeting.

BY ORDER OF THE BOARD

P C RUTTLEDGE

Company Secretary
24 October 2007

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Notice of Annual General Meeting

Explanatory Memorandum

This Explanatory Memorandum has been prepared for the information of Shareholders of Aurora Minerals Limited ("Aurora Minerals" or "the Company") in connection with the business to be conducted at the Annual General Meeting of Shareholders to be held at Level 2, 231 Adelaide Terrace, Perth on 30 November 2007 ("the Meeting").

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Annual General Meeting ("the Notice").

The following matters should be noted in respect of the resolutions in the Notice:

1. Financial Report

Appropriate time will be devoted to the consideration of the Financial Report of the Company for the year ended 30 June 2007 and the Directors' and Auditors' reports thereon.

2. Resolution 1 – Re-election of Mr Phillip Jackson as a Director

Mr Phillip Jackson, who has been a director of the Company since its incorporation, will retire by rotation at the Annual General Meeting pursuant to Clause 11.3 of the Company's Constitution and, being eligible, offers himself for re-election.

The Directors recommend the re-election of Mr Phillip Jackson.

3. Resolution 2 – Approval of Remuneration Report

In accordance with section 250R(2) of the Corporations Act 2001 the Company presents to shareholders for their consideration and adoption by way of non-binding resolution the Company's Remuneration Report as disclosed in the Directors' Report in the Company's 2007 Annual Report.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

The Directors recommend that Shareholders vote in favour of adopting the Remuneration Report.

4. Resolutions 3, 4 & 5 - Issue of Options to Consultants associated with Directors of the Company

4.1 Background

Shareholder approval is being sought in Resolutions 3, 4 and 5 to grant and issue a total in aggregate of 7,500,000 Options to consulting companies which provide high level consulting services to Aurora Minerals Limited which are associated with the Directors of the Company, namely Dr Robert Taylor, Mr Garry O'Hara and Mr Phillip Jackson.

The exercise price of these Options will be at a 69.5% premium above the market price of the Company's shares on the date upon which the Options are issued. For example if the market price for the shares in the Company at the time the Options are issued is 41 cents, the exercise price will be 69.5 cents and if all of the Options are exercised this will raise \$5,212,500 for the Company. Market price will be determined by reference to the closing price for the Company's Shares on SEATS on the relevant date excluding special crossings, overnight sales and exchange traded option exercises.

The Company proposes to offer, and if accepted, grant and issue a total of:

- 3,000,000 Options to Able Kids Pty Ltd which is the consulting company of Aurora Minerals Limited's Managing Director, Dr Robert Taylor, and has been retained by Aurora

AURORA MINERALS LIMITED

ABN 46 106 304 787

Minerals Limited to provide the Company with geological and business development services; and

- 3,000,000 Options to Anketell Pty Ltd which is the consulting company of Aurora Mineral Limited's Executive Director, Mr Garry O'Hara, and has been retained by Aurora Minerals Limited to provide the Company with geological and business development services; and
- 1,500,000 Options to Holihox Pty Ltd the consulting company of Aurora Mineral Limited's Chairman of Directors, Mr Phillip Jackson, and has been retained by Aurora Minerals Limited to provide the Company with legal and commercial advice.

The grant of Options is designed to provide a material additional incentive for the ongoing commitment and dedication of the above consultants to the continued growth of the Company without drawing on the Company's cash reserves.

The terms and conditions attaching to the Options are set out in Appendix 1.

4.2 Chapter 2E of the Corporations Act 2001

Chapter 2E of the Corporations Act 2001 prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, each director of the Company is considered to be a related party of the Company. Similarly each company controlled by a director is considered to be a related party of the Company. Accordingly, the issue of the Options to Anketell Pty Ltd, Able Kids Pty Ltd or Holihox Pty Ltd pursuant to the proposed Resolutions constitutes the provision of a financial benefit to related parties of the Company.

Although the issue of Options may fall within one of the nominated exceptions referred to in paragraph (a), this is not entirely certain and accordingly, in the interests of certainty it has been determined to seek shareholder approval to the issue of the Options to the consulting companies.

Consequently, in accordance with section 219 of the Corporations Act, the following information is provided to Shareholders to allow them to assess the proposed issue of Options to related parties.

The related party to whom the proposed resolutions would permit the financial benefit to be given:

Anketell Pty Ltd, Able Kids Pty Ltd and Holihox Pty Ltd are the related parties to whom a financial benefit would be given.

The nature of the potential financial benefit

The proposed financial benefit to be given to Able Kids Pty Ltd or Nominee is the grant and issue of 3,000,000 Options for nil consideration and on the terms and conditions set out in Appendix 1 to this Explanatory Memorandum.

The proposed financial benefit to be given to Anketell Pty Ltd or Nominee is the grant and issue of 3,000,000 Options for nil consideration and on the terms and conditions set out in the Appendix 1 to this Explanatory Memorandum.

The proposed financial benefit to be given to Holihox Pty Ltd or Nominee is the grant and issue of 1,500,000 Options for nil consideration and on the terms and conditions set out in the Appendix 1 to this Explanatory Memorandum.

Directors' recommendation

Dr Robert Taylor has a material personal interest in Resolution 3 and accordingly does not wish to make a recommendation in relation to Resolution 3. The other Directors, who do not have a personal interest in the outcome of Resolution 3, recommend that Shareholders approve Resolution 3 as they are of the view that the issue of Options to Able Kids Pty Ltd is appropriate recognition of its efforts to date, and assists the Company in retaining the services and dedication of Able Kids Pty Ltd and therefore Dr Robert Taylor whilst maintaining the Company's cash reserves at a time when there is significant competition for the services of experienced exploration personnel.

The Directors (other than Dr Taylor) considered Dr Taylor's experience, his contribution to date to the Company and potential future contributions to the Company, the current market price of the Shares and current market practice when determining the terms of the Options and the number of Options to be issued to Able Kids Pty Ltd;

All Directors were available to consider Resolution 3.

Mr Garry O'Hara has a material personal interest in Resolution 4 and accordingly does not wish to make a recommendation in relation to Resolution 4. The other Directors, who do not have a personal interest in the outcome of Resolution 4, recommend that Shareholders approve Resolution 4 as they are of the view that the issue of Options to Anketell Pty Ltd is appropriate recognition of its efforts to date, and assists the Company in retaining the services and dedication of Anketell Pty Ltd and therefore Mr Garry O'Hara whilst maintaining the Company's cash reserves at a time when there is significant competition for the services of experienced exploration personnel.

The Directors (other than Mr O'Hara) considered Mr O'Hara's experience, his contribution to date to the Company and potential future contributions to the Company, the current market price of the Shares and current market practice when determining the terms of the Options and the number of Options to be issued to Anketell Pty Ltd;

All Directors were available to consider Resolution 4.

Mr Phillip Jackson has a material personal interest in Resolution 5 and accordingly does not wish to make a recommendation in relation to Resolution 5. The other Directors, who do not have a personal interest in the outcome of Resolution 5, recommend that Shareholders approve Resolution 5 as they are of the view that the issue of Options to Holihox Pty Ltd is appropriate recognition of its efforts to date, and assists the Company in retaining the services and dedication of Holihox Pty Ltd and therefore Mr Phillip Jackson whilst maintaining the Company's cash reserves at a time when there is significant competition for the services of experienced exploration and mining personnel.

The Directors (other than Mr Jackson) considered Mr Jackson's experience, his contribution to date to the Company and potential future contributions to the Company, the current market price of the Shares and current market practice when determining the terms of the Options and the number of Options to be issued to Holihox Pty Ltd;

All Directors were available to consider Resolution 5.

4.3 *Other information that is reasonably required by members to make a decision whether it is in the best interests of the Company to pass Resolutions 3,4 & 5 that is known to the Company or any of its Directors:*

AURORA MINERALS LIMITED

ABN 46 106 304 787

(i) *Value attributed to the proposed issue of Options*

The Company's advisers have valued the Options using the Black-Scholes Option Pricing Model ("**BSModel**") and the Binomial Option Valuation Methodology ("**Binomial Model**"), which are two of the most widely used and recognised models for pricing options.

The BS Model calculates the expected benefit from acquiring the Shares outright less the present value of paying the exercise price for the Options on date of expiration. This model is considered robust and sufficiently accurate as an option pricing tool where options are not expected to be exercised until the end of the option's life. The model uses historical share price volatility measures and therefore may not approximate actual share price behaviours in the future.

The Binomial Model is able to value American options which may be exercised at any time over their life.

The Binomial Model uses a "discrete-time" model of the varying price over time of financial instruments; the model is thus able to handle a variety of conditions for which other models cannot be applied. Essentially, the Binomial Model valuation is via application of the risk neutrality assumption over the life of the option, as the price of the underlying instrument evolves.

For European options, the Binomial Model value converges on the BS Model value as the number of time steps increase.

Similar assumptions underpin both the Binomial Model and the BS Model, and the Binomial Model thus provides a discrete time approximation to the continuous process underlying the BS Model.

The following table incorporates the assumptions used in determining values for each the Options, and the results of the valuation methodologies employed.

Assumption	Note	Able Kids Pty Ltd, Anketell Pty Ltd & Holihox Pty Ltd
Underlying Share spot price	1	41 cents
Exercise Price	2	69.50 cents
Dividend rate	3	Nil
Standard deviation of returns (annualised)	4	55.00%
Risk free interest rate	5	6.49%
Valuation date	6	8 October 2007
Expiry date	6	8 September 2014
Exercise period (months)	7	From the date of issue to 83 months from the date of issue
Black Scholes Valuation (per Option)	8	\$0.21
Binomial Valuation (per Option)	9	\$0.21

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AURORA MINERALS LIMITED

ABN 46 106 304 787

- Note 1 The underlying share spot price used for the purposes of this valuation is based on the price of the Shares on the ASX at 8 October 2007.
- Note 2 This price has been set based on the last traded price of the underlying Shares on 8 October 2007, plus 69.5%.
- Note 3 As at the date of this report the Company has not forecast any future dividend payments. For the purposes of the valuation it has therefore assumed been assumed that the Company's Share price is "ex-dividend". If dividend payments were forecast, the value of the Options would be reduced.
- Note 4 The anticipated standard deviation over the life of the Options is based on the Company's historical data from the Australian Graduate School of Management's Risk Measurement Service.
- Note 5 The risk free rate is the Commonwealth Government securities rate with a maturity date approximately that of the expiration period of the Options as at 8 September 2014. (Source: Reserve Bank of Australia).
- Note 6 The valuation date for the purposes of this report is the last traded date prior to the date of this valuation.
- Note 7 The expiration period is the difference between the issue/valuation date and expiration date in years.
- Note 8 See above for detailed background on the methodology of the valuation type.
- Note 9 See above for detailed background on the methodology of this valuation type.

Based on the valuation methodologies adopted and the assumptions made the Company's advisers value the options, after considering the values calculated using the Black-Scholes and Binomial methods, to equal 21 cents each.

The valuation assumes that all Options have vested to the option holder and that there are no performance hurdles that must be achieved that would otherwise potentially dilute the value of the Options to the holder on the assumption that they may not vest.

(ii) Sensitivity Analysis

The calculation of the value of the Options has been subjected to a sensitivity analysis using the BS Model to examine the effect of varying the principal assumptions used in the valuation. The results of this analysis are as follows:

Variable – Standard deviation of returns (annualised)		Value per Option (Black Scholes)
Plus 5%	60.0%	0.2268
Plus 2.5%	57.5%	0.2185
Listed standard deviation	55%	0.2100
Less 2.5%	52.5%	0.2013
Less 5.0%	50.0%	0.1924

The table above shows that Standard Deviation has a significant influence on the value of the Options.

Variable - Interest Rate		Value per Option
Plus 10%	7.14%	0.2144
Plus 5%	6.81%	0.2122
Risk free interest rate	6.49%	0.2100
Less 5%	6.17%	0.2079
Less 10%	5.84%	0.2056

AURORA MINERALS LIMITED

ABN 46 106 304 787

The tables above show that the risk free interest rate has only a minor influence on the value of the Options.

Variable – Share Price	Issue Price (Cents)	Exercise Price (Cents)	Value of Options
Plus 10%	45.1	76.4	0.2310
Plus 5%	43.1	73.0	0.2205
Market price as at 8 October 2007	41.00	69.5	0.2100
Less 5%	39.0	66.0	0.1995
Less 10%	36.9	62.5	0.1890

The table above shows that changes to the issue price has a significant influence on the value of the Options.

(iii) *Total Consultancy Fee Package*

Dr Taylor's consulting company is retained under contract to provide services to Aurora Minerals Limited. Its consultancy fee for the year ending 30 June 2008 and the total financial benefit to be received by it in that period as a result of the issue of Options the subject of Resolution 3 is set out below:

Director	Consulting Company	Consultancy Fees	Value of Options	Total Financial Benefit
Dr Robert Taylor (Managing Director)	Able Kids Pty Ltd	100,000	630,000	730,000

Note 1: Based upon a value of \$0.21 per Option.

Dr Robert Taylor and his consulting company Able Kids Pty Ltd do not receive any other financial benefits from Aurora Minerals Limited, other than reimbursement for expenses incurred by them in the performance of their duties and the incentive options previously issued to Able Kids Pty Ltd.

Mr O'Hara's consulting company, Anketell Pty Ltd is retained under contract to provide services to Aurora Minerals Limited. Its consultancy fee for the year ending 30 June 2008 and the total financial benefit to be received by it in that period as a result of the issue of Options the subject of Resolution 5 is set out below:

Director	Consulting Company	Consultancy Fees	Value of Options	Total Financial Benefit
Mr Garry O'Hara	Anketell Pty Ltd	100,000	630,000	730,000

Note 2: Based upon a value of \$0.21 per Option.

Mr Garry O'Hara and his consulting company do not receive any other financial benefits from Aurora Minerals Limited, other than reimbursement for expenses incurred by them in the performance of their duties and the incentive options previously issued to Anketell Pty Ltd.

Mr Jackson's consulting company, Holihox Pty Ltd is retained under contract to provide services to Aurora Minerals Limited. Its consultancy fee for the year ending 30 June 2008

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AURORA MINERALS LIMITED

ABN 46 106 304 787

and the total financial benefit to be received by it in that period as a result of the issue of Options the subject of Resolution 5 is set out below:

Director	Consulting Company	Consultancy Fees	Value of Options	Total Financial Benefit
Mr Phillip Jackson	Holihox Pty Ltd	40,000	315,000	355,000

Note 3: Based upon a value of \$0.21 per Option.

Mr Phillip Jackson and his consulting company do not receive any other financial benefits from Aurora Minerals Limited, other than reimbursement for expenses incurred by them in the performance of their duties and the incentive options previously issued to Holihox Pty Ltd.

(iv) *Relevant Interests*

The relevant interests of Dr Robert Taylor, Mr Garry O'Hara and Mr Phillip Jackson in Shares and Options at the date of this Notice are as follows:

Direct Holdings and those of Associates	Shares	Unlisted options (representing incentive options previously issued to their consulting companies)
Robert Taylor	3,450,000	3,000,000
Garry O'Hara	3,540,000	3,000,000
Phillip Jackson	2,550,000	1,500,000

(v) *Impact on existing Shareholders*

If any of the 7,500,000 Options granted as proposed are exercised in full, the effect would be to dilute the shareholding of existing Shareholders.

The Company has the following Shares and Options on issue at the date of this Notice:

Shares	65,910,008
Options	
Not listed - exercisable at 33.55 cents each by 7.12.2008	3,000,000
Not listed - exercisable at 35 cents each by 7.12.2008	650,000
Not listed - exercisable at 38.8 cents each by 19.12.2011	6,000,000
Not listed - exercisable at 38.8 cents each by 19.01.2010	1,800,000

Assuming all of the proposed 7,500,000 Options to be issued to the Consulting Companies or their Nominees are exercised, and the existing 11,450,000 Options on issue are exercised, the effect would be:

- to dilute the shareholding of existing Shareholders by approximately 22.33%; and
- if in addition the 3,550,000 Options the subject of Resolution 6 are issued and exercised the total effect would be to dilute the shareholding of existing Shareholders by approximately 25.45%.

The market price of the Shares during the term of the Options will normally determine whether or not the option holders will exercise the Options. At the time any Options are exercised and Shares are issued pursuant to the exercise of the Options, the Shares may be trading on ASX at a price which is higher than the exercise price of the Options.

AURORA MINERALS LIMITED

ABN 46 106 304 787

(vi) *Share prices over the past 12 months*

In the 12 months ending on 8 October 2007 the highest price of shares in the Company trading on the ASX was 65 cents, which occurred on 15 February 2007 and 18 June 2007, and the lowest price was 19 cents on each of 11, 12 and 13 October 2006.

The closing price of the Company's shares on 8 October 2007 was 41 cents. The share price during this period has traded at various levels.

(vii) *Impact of International Financial Reporting Standards*

The Company's adoption of Australian equivalents to International Financial Reporting Standards for reporting periods commencing from 1 July 2005 means that, under AASB2 Share-based Payment, equity-based compensation is recognised as an expense in respect of the services received.

Except as stated in this Explanatory Memorandum the Directors do not consider that from an economic and commercial point of view, there are any costs or detriments including opportunity costs or taxation consequences for the Company or benefits foregone by granting the Options pursuant to Resolutions 3, 4 and 5.

The Directors (other than in respect of the Resolution that they receive a benefit, in which case they decline to comment) do not consider there are any significant costs or detriments including opportunity costs or taxation consequences to the Company or benefits foregone by the Company in issuing the Options to the Consulting Companies or their Nominees upon the terms proposed except as otherwise disclosed in this Explanatory Statement.

Neither the Company nor the Directors are aware of any undisclosed information that would be reasonably required by shareholders to make a decision in relation to the potential financial benefits contemplated by the proposed Resolutions 3, 4 and 5.

4.4 ASX Listing Rule 10.11

ASX Listing Rule 10.11 prohibits a listed company from issuing securities to a person who is a director of the Company without the approval of shareholders.

The following additional information is provided to Shareholders in accordance with ASX Listing Rule 10.13:

- (a) the Options will be issued to Able Kids Pty Ltd or its Nominee, Anketell Pty Ltd or its Nominee, and Holihox Pty Ltd or its Nominee;
- (b) the maximum number of Options to be issued is 7,500,000 (being 3,000,000 to Able Kids Pty Ltd or its Nominee, 3,000,000 to Anketell Pty Ltd or its Nominee and 1,500,000 to Holihox Pty Ltd or its Nominee);
- (c) the Options will be issued on a date which will be no later than one month after the date of the Meeting;
- (d) the Options will be issued for nil consideration;
- (e) no funds will be raised by the issue of the Options (but funds will be raised in the event any of the Options are ultimately exercised);
- (f) if all the Options are ultimately exercised, the amount raised will depend on the exercise price for the Options which will vary depending on the market price for the Company's Shares on the date of issue of the Options;

AURORA MINERALS LIMITED

ABN 46 106 304 787

- (g) the terms and conditions of the Options are set out in Appendix 1 to this Explanatory Memorandum.

As approval of Shareholders is being sought pursuant to ASX Listing Rule 10.11, under ASX Listing Rule 7.2 (Exception 14), Shareholder approval under ASX Listing 7.1 is not required.

5. Resolution 6 – Issue of Options to Consultants

The Company proposes to offer, and if accepted, grant and issue a total of 3,550,000 Options in the portions, and to the persons (or their approved Nominees), specified in column two of Table 1 below, being consulting companies which have been retained by the Company to provide the consultancy services of the persons named in column one of Table 1 below.

The exercise price of these Options will be at a 69.5% premium above the market price of the Company's shares on the date upon which the Options are issued. For example if the market price for the shares in the Company at the time the Options are issued is 41 cents, the exercise price will be 69.5 cents and if all of the Options are exercised this will raise \$2,467,250 for the Company.

The grant of the Options is designed to:

- i) encourage the consultants to have a greater involvement in the achievement of the Company's objectives by providing a material additional incentive for their ongoing commitment and dedication to the continued growth of the Company and
- ii) do this in a way which does not deplete the Company's cash reserves.

The number of Options to be issued to each Consultant was negotiated with the consulting companies at arms length and is considered by the Directors to be appropriate.

If this Resolution is approved by shareholders, in order to retain a reasonable balance of remuneration between the Company's various consultants, the Company intends to offer the options referred to in this Resolution provided each of Resolutions 4, 5 and 6 are also approved.

Table 1

Name	Consulting Company which provides the person's services under contractual arrangements.	Consulting Services	Number of Options
Kenneth Banks	KMB Australia Pty Ltd	Investor Relations	1,000,000
Andrew Kenny	Airmax International Pty Ltd	Business Development	1,000,000
Eric Moore	Golden Kilometre Mines Pty Ltd	Corporate	500,000
Bruce Waddell	Adelphi Resources Pty Ltd	Administration & Company Secretarial	500,000
Kelvin Fox	Fox Contracting (WA) Pty Ltd	Geological	200,000
Nicholas Hazard	Hazard Geological & Geotechnical Services Ltd	Geological	350,000
			3,550,000

Additional information

The following additional information is provided to Shareholders pursuant to Listing Rule 7.3:

- (a) the maximum number of Options to be issued under Resolution 6 is 3,550,000;
- (b) the exercise price for the Options is the closing market price for the Shares as at the date of the issue of the Options plus 69.5% of that price;
- (c) the Options will be issued on a date which is no later than one month after the date of the Meeting;
- (d) the Options will be issued for nil consideration;

AURORA MINERALS LIMITED

ABN 46 106 304 787

- (e) the allottees are the Consulting Companies specified in the second column in Table 1 above, or their approved Nominees;
- (f) the Options will be exercisable from the date of issue until 36 months after their issue date;
- (g) the terms and conditions of the Options are set out in the Appendix 1 to this Explanatory Memorandum;
- (h) no funds will be raised by the issue of the Options; and
- (i) if all the Options are ultimately exercised, the amount raised will depend on the exercise price for the Options which will vary depending on the market price for the Company's Shares on the date of issue of the Options; and
- (j) the Company's adoption of Australian equivalents to International Financial Reporting Standards for reporting periods commencing from 1 July 2005 means that, under AASB2 Share-based Payment, equity-based compensation is recognised as an expense in respect of the services received. In the case of the Consultant Options, using the example in 4.3 above, the cost to the Company would be \$745,500.

6. Resolution 7- Approval of Aurora Employee Option Plan

ASX Listing Rule 7.1 provides a formula that limits the number of equity securities the Company may issue within any 12 month period without shareholder approval. The formula allows the company to issue a maximum number of equity securities equal to 15% of its previously issued share capital, subject to various exceptions under Listing Rule 7.2.

One exception to this rule, Listing Rule 7.2, exception 9, provides that issues under an employee incentive scheme are exempt for a period of three years if shareholders approve, as is proposed by Resolution 7, the issue of securities under the scheme as an exception to ASX Listing Rule 7.1. The Employee Option Plan is a new plan established in October 2007.

A copy of the Aurora Employee Option Plan is attached.

7. Resolution 8- Ratification of the Aurora Minerals Limited Share Placements made on 2 April 2007 and 21 May 2007

In April 2007, the Company made a placement ("**April Placement**") of 8,990,000 Shares at an issue price of 40 cents each thereby raising \$3,596,000 for the Company (before expenses).

At the Extraordinary Meeting of the Company held on 17 January 2007, approval was granted by shareholders for the purposes of Rule 7.1 of the Listing Rules of the Australian Securities Exchange for the Company to issue up to 7,342,000 Shares at an issue price that was at least 80% of the average market for fully paid ordinary Shares in the Company. On 2 April 2007, a total of 8,990,000 fully paid ordinary Shares were issued to institutional, sophisticated and other investors. Shareholder approval had already been given under Listing Rule 7.1 for 7,342,000 Shares issued pursuant to the April Placement. However, shareholder ratification of the April Placement is sought for the issue of 1,648,000 Shares issued, pursuant to Listing Rules 7.1 and 7.4 so as to reinstate the ability of the Company to place up to 15% of the issued capital of the Company during the next twelve months without obtaining prior shareholder approval.

In May 2007 the Company made a placement ("**May Placement**") of 3,636,363 Shares **at an issue price of 55 cents each** thereby raising \$2,000,000 for the Company (before expenses).

The May Placement was made to institutional, sophisticated, professional or other investors under section 708 of the Corporations Act in Australia and overseas and as a consequence no prospectus or other disclosure statement was issued in relation to the Placement.

Shareholder approval was not required for the May Placement. However, shareholder ratification of the May Placement is sought pursuant to Listing Rules 7.1 and 7.4 so as to reinstate the ability of the Company to place up to 15% of the issued capital of the Company during the next twelve months without obtaining prior shareholder approval.

AURORA MINERALS LIMITED

ABN 46 106 304 787

Additional Information regarding the May Placement

The following additional information in relation to the May Placement is provided to shareholders pursuant to Listing Rules 7.3 and 7.5:

- (a) the number of Shares issued under the May Placement was 3,636,363;
- (b) the Shares were issued for an issue price of 55 cents each;
- (d) the May Placement was made to a European institutional fund.
- (e) the Shares are fully paid ordinary shares ranking pari passu in all respects with all other fully paid ordinary shares in the Company on issue;
- (f) the intended purpose of the May Placement was to raise funds for the advancement of the Company's large under explored uranium and base metal projects and to enhance the Company's business development strategies.

Use of Funds	Amount
Advancement of the Company's Western Australian Projects and enhancement of the Company's business development strategies	\$1,890,000
Brokerage in respect of the Issue @ 5.5%	\$110,000
TOTAL	\$2,000,000

The funding estimates of the above activities are based on:

- the Company's current knowledge of its Western Australian projects, and anticipated planning and evaluation of these projects;
- the Company's business development strategies to seek out and evaluate new business opportunities including joint venture partners and corporate spin off (float) opportunities; and
- personnel, regulatory and administrative requirements reflected in the budget figures.

Allocation of funds may be adjusted depending upon the success of the Company in its activities.

The Company has active and flexible business development strategies including generating growth through obtaining funding for its projects through joint ventures and new floats which could result, thus releasing some of its funds, including these funds, for reassignment into other exploration or mining projects including new projects.

All of the Directors recommend that Shareholders vote in favour of this Resolution as it allows the Company to retain the flexibility to take advantage of commercially appropriate opportunities, through the issue of further equity securities representing up to 15% of the Company's share capital during the next 12 months without the need to first seek shareholder approval under Listing Rule 7.1 of the Listing Rules of the ASX (in addition to any shares the Company may be entitled to issue without shareholder approval in accordance with resolution 9 if passed by shareholders).

All of the Directors were available to consider the proposed Resolution.

AURORA MINERALS LIMITED

ABN 46 106 304 787

8. Resolution 9– Approval for possible future placement of Shares

The purpose of this Resolution is to give the Company the opportunity, if it arises, to take advantage of any favourable market conditions in early 2008 to raise capital. The Company seeks prior shareholder approval under ASX Listing rule 7.1 for the issue of up to 9,886,000 fully paid ordinary shares in the Company ("Issue") at the date of the issue, at a price that is at least 80% of the average market price of Aurora's fully paid ordinary shares over the last 5 days on which sales of the Company's shares are recorded before the day of issue of the Shares (or if a prospectus or other disclosure statement issued in relation to the issue before the date of signing of that document).

If Resolution 8 is passed, Shareholder approval will not be required for the Issue. However, shareholder approval of the Placement is sought pursuant to Listing Rule 7.1 so as to preserve the ability of the Company to also issue up to 15% of the issued capital of the Company (in addition to the Issue) during the next twelve months without obtaining prior shareholder approval.

The identities of the proposed allottees in respect of the Issue are not currently known and have not been ascertained. It is expected that the Issue, if it proceeds, will be made to clients of the Company's brokers.

The intended purpose of the Issue is to raise funds for the advancement of the Company's large under explored uranium and base metal projects and to enhance the Company's business development strategies.

Any Shares to be issued in accordance with Resolution 9 will be issued no later than 3 months after the Annual General Meeting.

The Shares will be fully paid ordinary shares and will rank equally with all other existing fully paid shares in the Company from their date of issue.

The Directors believe that Resolution 9 is in the best interests of the Company and its shareholders and unanimously recommend that shareholders vote in favour of it.

9. Resolutions 10, 11 and 12 – Issue of Options by Desert Energy Ltd to Consultants associated with Directors of the Company

The Company currently holds over 50% of the issued shares in the capital of Desert Energy Ltd.

9.1 Background

Shareholder approval is being sought in Resolutions 10, 11 and 12 to the grant and issue by Desert Energy Ltd of a total in aggregate of 7,500,000 Desert Energy Options to consulting companies which provide high level consulting services to Desert Energy Limited which are associated with the Directors of the Company and Desert Energy Ltd, namely Dr Robert Taylor, Mr Garry O'Hara and Mr Phillip Jackson.

The exercise price for the Desert Energy Options will be the closing market price for the Desert Energy Shares as at the date of the issue of the Desert Energy Options plus 100.1% of that price. For example if the market price for the shares in Desert Energy Limited at the time the Desert Energy Options are issued is 18.5 cents, the exercise price will be 37.2 cents and if all of the Desert Energy Options are exercised this will raise \$2,790,000 for Desert Energy Limited..

Desert Energy Limited proposes to offer, and if accepted, grant and issue a total of:

- 3,000,000 Desert Energy Options to Able Kids Pty Ltd or its Nominee. Able Kids Pty Ltd is the consulting company of Desert Energy Limited's Executive Director, Dr Robert Taylor, has been retained by Desert Energy Limited to provide Desert Energy Ltd with geological and business development services; and

AURORA MINERALS LIMITED

ABN 46 106 304 787

- 3,000,000 Options to Anketell Pty Ltd or its Nominee. Anketell Pty Ltd is the consulting company of Desert Energy Limited's Executive Director, Mr Garry O'Hara, and has been retained by Desert Energy Limited to provide Desert Energy with geological and business development services; and
- 1,500,000 Options to Holihox Pty Ltd or its Nominee. Holihox Pty Ltd is the consulting company of Desert Energy Limited's Chairman of Directors, Mr Phillip Jackson, has been retained by Desert Energy Limited to provide Desert Energy Ltd with commercial advice.

The grant of the Desert Energy Options is designed to provide a material additional incentive for the ongoing commitment and dedication of the above consultants to the continued growth of the Desert Energy Ltd without drawing on the Desert Energy's cash reserves.

The terms and conditions attaching to the Options are set out in Appendix 2.

9.2 Chapter 2E of the Corporations Act 2001

Chapter 2E of the Corporations Act 2001 prohibits Desert Energy Ltd (as a company controlled by the Company) from giving a financial benefit to a related party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, each director of the Company is considered to be a related party of the Company. Similarly each company controlled by a director is considered to be a related party of the Company. Accordingly, the issue of the Desert Energy Options to Anketell Pty Ltd, Able Kids Pty Ltd or Holihox Pty Ltd or their respective Nominee pursuant to the proposed Resolutions constitutes the provision of a financial benefit to related parties of the Company.

Although the issue of the Desert Energy Options may fall within one of the nominated exceptions referred to in paragraph (a), this is not entirely certain and accordingly, in the interests of certainty it has been determined to seek shareholder approval to the issue of the Desert Energy Options to the consulting companies or their Nominees.

Consequently, in accordance with section 219 of the Corporations Act, the following information is provided to Shareholders to allow them to assess the proposed issue of Desert Energy Options to related parties.

It should be noted that the approval of the shareholders in Desert Energy Ltd to the issue of the Desert Energy Options will also be sought under section 208 of the Corporations Act in a separate meeting of Desert Energy Shareholders. If Resolutions 10, 11 and 12 as set out in this notice of meeting are approved by the Company's shareholders, the Company intends in its capacity as a shareholder in Desert Energy Ltd to vote in favour of the corresponding resolutions seeking approval by Desert Energy Ltd's shareholders to the giving of such financial benefits.

The related party to whom the proposed resolutions would permit the financial benefit to be given:

Anketell Pty Ltd, Able Kids Pty Ltd and Holihox Pty Ltd (or their respective Nominees) are the related parties to whom a financial benefit would be given.

The nature of the potential financial benefit

The proposed financial benefit to be given to Able Kids Pty Ltd or Nominee is the grant and issue of 3,000,000 Desert Energy Options for nil consideration and on the terms and conditions set out in the Appendix 2 to this Explanatory Memorandum.

AURORA MINERALS LIMITED

ABN 46 106 304 787

The proposed financial benefit to be given to Anketell Pty Ltd or Nominee is the grant and issue of 3,000,000 Desert Energy Options for nil consideration and on the terms and conditions set out in the Appendix 2 to this Explanatory Memorandum.

The proposed financial benefit to be given to Holihox Pty Ltd or Nominee is the grant and issue of 1,500,000 Desert Energy Options for nil consideration and on the terms and conditions set out in the Appendix 2 to this Explanatory Memorandum.

Directors' recommendation

Dr Robert Taylor has a material personal interest in Resolution 10 and accordingly does not wish to make a recommendation in relation to Resolution 10. The other Directors, who do not have a personal interest in the outcome of Resolution 10, recommend that Shareholders approve Resolution 10 as they are of the view that the issue of Options to Able Kids Pty Ltd is appropriate recognition of its efforts to date, and assists Desert Energy Ltd in retaining the services and dedication of Able Kids Pty Ltd and therefore Dr Robert Taylor whilst maintaining the Desert Energy's cash reserves at a time when there is significant competition for the services of experienced exploration and mining personnel.

The Directors (other than Dr Taylor) considered Dr Taylor's experience, his contribution to date to Desert Energy and potential future contribution to Desert Energy, the current market price of the Desert Energy Shares and current market practice when determining the terms of the Desert Energy Options and the number of Desert Energy Options to be issued to Able Kids Pty Ltd;

All Directors were available to consider Resolution 10.

Mr Garry O'Hara has a material personal interest in Resolution 11 and accordingly does not wish to make a recommendation in relation to Resolution 11. The other Directors, who do not have a personal interest in the outcome of Resolution 11, recommend that Shareholders approve Resolution 11 as they are of the view that the issue of Desert Energy Options to Anketell Pty Ltd is appropriate recognition of its efforts to date, and assists the Desert Energy Ltd in retaining the services and dedication of Anketell Pty Ltd and therefore Mr Garry O'Hara whilst maintaining Desert Energy's cash reserves at a time when there is significant competition for the services of experienced exploration and mining personnel.

The Directors (other than Mr O'Hara) considered Mr O'Hara's experience, his contribution to date to Desert Energy and potential future contribution to Desert Energy, the current market price of the Desert Energy Shares and current market practice when determining the terms of the Desert Energy Options and the number of Desert Energy Options to be issued to Anketell Pty Ltd;

All Directors were available to consider Resolution 11.

Mr Phillip Jackson has a material personal interest in Resolution 12 and accordingly does not wish to make a recommendation in relation to Resolution 12. The other Directors, who do not have a personal interest in the outcome of Resolution 12, recommend that Shareholders approve Resolution 12 as they are of the view that the issue of Desert Energy Options to Holihox Pty Ltd is appropriate recognition of its efforts to date, and assists Desert Energy Ltd in retaining the services and dedication of Holihox Pty Ltd and therefore Mr Phillip Jackson whilst maintaining the Desert Energy's cash reserves at a time when there is significant competition for the services of experienced exploration and mining personnel.

The Directors (other than Mr Jackson) considered Mr Jackson's experience, his contribution to date to Desert Energy and potential future contribution to Desert Energy, the current market price of the Desert Energy Shares and current market practice when determining the terms of the Desert Energy Options and the number of Desert Energy Options to be issued to Holihox Pty Ltd;

All Directors were available to consider Resolution 12.

9.3 Other information that is reasonably required by members to make a decision whether it is in the best interests of the Company to pass Resolutions 10,11 and 12 that is known to the Company or any of its Directors:

AURORA MINERALS LIMITED

ABN 46 106 304 787

(i) *Value attributed to the proposed issue of Desert Energy Options*

The Company's advisers have valued the Desert Energy Options using the Black-Scholes Option Pricing Model ("**BSModel**") and the Binomial Option Valuation Methodology ("**Binomial Model**"), which are two of the most widely used and recognised models for pricing options.

The BS Model calculates the expected benefit from acquiring the Desert Energy Shares outright less the present value of paying the exercise price for the Desert Energy Options on date of expiration. This model is considered robust and sufficiently accurate as an option pricing tool where options are not expected to be exercised until the end of the option's life. The model uses historical share price volatility measures and therefore may not approximate actual share price behaviours in the future. The Binomial Model is able to value American options which may be exercised at any time over their life.

The Binomial Model uses a "discrete-time" model of the varying price over time of financial instruments; the model is thus able to handle a variety of conditions for which other models cannot be applied. Essentially, the Binomial Model valuation is via application of the risk neutrality assumption over the life of the option, as the price of the underlying instrument evolves.

For European options, the Binomial Model value converges on the BS Model value as the number of time steps increase.

Similar assumptions underpin both the Binomial Model and the BS Model, and the Binomial Model thus provides a discrete time approximation to the continuous process underlying the BS Model.

The following table incorporates the assumptions used in determining values for each the Options, and the results of the valuation methodologies employed.

Assumption	Note	Able Kids Pty Ltd, Anketell Pty Ltd & Holihox Pty Ltd
Underlying Desert Energy Share spot price	1	18.5 cents
Exercise Price	2	37.2 cents
Dividend rate	3	Nil
Standard deviation of returns (annualised)	4	70.00%
Risk free interest rate	5	6.49%
Valuation date	6	8 October 2007
Expiry date	6	8 September 2014
Exercise period (months)	7	From the date of issue to 83 months from the date of issue
Black Scholes Valuation (per Option)	8	\$0.1107
Binomial Valuation (per Option)	9	\$0.1108

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AURORA MINERALS LIMITED

ABN 46 106 304 787

- Note 1 The underlying share spot price used for the purposes of this valuation is based on the price of the Desert Energy Shares on the ASX at 8 October 2007.
- Note 2 This price has been set based on the last traded price of the underlying Desert Energy Shares on 8 October 2007, plus 100.1%.
- Note 3 As at the date of this report the Desert Energy Ltd has not forecast any future dividend payments. For the purposes of the valuation it has therefore assumed been assumed that the Desert Energy's Share price is "ex-dividend". If dividend payments were forecast, the value of the Desert Energy Options would be reduced.
- Note 4 The anticipated standard deviation over the life of the Options is based on the Company's historical data from the Australian Graduate School of Management's Risk Measurement Service.
- Note 5 The risk free rate is the Commonwealth Government securities rate with a maturity date approximately that of the expiration period of the Options as at 8 September 2014. (Source: Reserve Bank of Australia).
- Note 6 The valuation date for the purposes of this report is the last traded date prior to the date of this valuation.
- Note 7 The expiration period is the difference between the issue/valuation date and expiration date in years.
- Note 8 See above for detailed background on the methodology of the valuation type.
- Note 9 See above for detailed background on the methodology of this valuation type.

Based on the valuation methodologies adopted and the assumptions made the Company's advisers value the Desert Energy Options, after considering the values calculated using the Black-Scholes and Binomial methods, to equal 11.07 cents each.

The valuation assumes that all Desert Energy Options have vested to the option holder and that there are no performance hurdles that must be achieved that would otherwise potentially dilute the value of the Desert Energy Options to the holder on the assumption that they may not vest.

(ii) Sensitivity Analysis

The calculation of the value of the Desert Energy Options has been subjected to a sensitivity analysis using the BS Model to examine the effect of varying the principal assumptions used in the valuation. The results of this analysis are as follows:

Variable – Standard deviation of returns (annualised)		Value per Option (Black Scholes)
Plus 5%	75.0%	0.1176
Plus 2.5%	72.5%	0.1142
Listed standard deviation	70.0%	0.1107
Less 2.5%	67.5%	0.1071
Less 5.0%	65.0%	0.1034

The table above shows that Standard Deviation has a significant influence on the value of the Options.

AURORA MINERALS LIMITED

ABN 46 106 304 787

Variable - Interest Rate		Value per Option
Plus 10%	7.14%	0.1122
Plus 5%	6.81%	0.1114
Risk free interest rate	6.49%	0.1107
Less 5%	6.17%	0.1099
Less 10%	5.84%	0.1091

The table above shows that the risk free interest rate has only a minor influence on the value of the Options.

Variable – Share Price	Issue Price (Cents)	Exercise Price (Cents)	Value of Options
Plus 10%	20.4	40.7	0.1217
Plus 5%	19.4	38.9	0.1162
Market price as at 5 October 2007	18.5	37.2	0.1107
Less 5%	17.6	35.2	0.1051
Less 10%	16.7	33.3	0.0996

The table above shows that changes to the issue price has a significant influence on the value of the Desert Energy Options.

(iii) *Total Consultancy Fee Package*

Dr Taylor's consulting company, Able Kids Pty Ltd, is retained under contract to provide services to Desert Energy Limited. Its consultancy fee for the year ending 30 June 2008 and the total financial benefit to be received by it in that period as a result of the issue of Desert Energy Options the subject of Resolution 10 is set out below:

Director	Consulting Company	Consultancy Fees	Value of Options	Total Financial Benefit
Dr Robert Taylor (Managing Director)	Able Kids Pty Ltd	100,000	332,100	432,100

Note 1: Based upon a value of \$0.1107 per Option.

Dr Robert Taylor and his consulting company do not receive any other financial benefits from Desert Energy Limited, other than reimbursement for expenses incurred by them in the performance of their duties.

Mr O'Hara's consulting company, Anketell Pty Ltd, is retained under contract to provide services to Desert Energy Limited. Its consultancy fee for the year ending 30 June 2008 and the total financial benefit to be received by it in that period as a result of the issue of Options the subject of Resolution 11 is set out below:

Director	Consulting Company	Consultancy Fees	Value of Options	Total Financial Benefit
Mr Garry O'Hara	Anketell Pty Ltd	100,000	332,100	432,100

Note 2: Based upon a value of \$0.1107 per Option.

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AURORA MINERALS LIMITED

ABN 46 106 304 787

Mr Garry O'Hara and his consulting company do not receive any other financial benefits from Desert Energy Limited, other than reimbursement for expenses incurred by them in the performance of their duties.

Mr Jackson's consulting company, Holihox Pty Ltd, is retained under contract to provide services to Desert Energy Limited. Its consultancy fee for the year ending 30 June 2008 and the total financial benefit to be received by it in that period as a result of the issue of Options the subject of Resolution 12 is set out below:

Director	Consulting Company	Consultancy Fees	Value of Options	Total Financial Benefit
Mr Phillip Jackson	Holihox Pty Ltd	40,000	166,050	206,050

Note 3: Based upon a value of \$0.1107 per Option.

Mr Phillip Jackson and his consulting company do not receive any other financial benefits from Desert Energy Limited, other than reimbursement for expenses incurred by them in the performance of their duties.

The real impact on Aurora Minerals Limited shareholders will be less than the impact on Desert Energy as Aurora holds only a 50% shareholding in Desert Energy.

(iv) *Relevant Interests*

The relevant interests of Dr Robert Taylor, Mr Garry O'Hara and Mr Phillip Jackson in Shares and Options at the date of this Notice are as follows:

Direct Holdings and those of Associates	Shares	Unlisted options
Robert Taylor	100,000	Nil
Garry O'Hara	Nil	Nil
Phillip Jackson	1,160,250	Nil

(v) *Impact on existing Shareholders*

If any of the 7,500,000 Options granted as proposed are exercised in full, the effect would be to dilute the shareholding of existing Desert Energy Shareholders (including the Company which is the major shareholder in Desert Energy Ltd.

Desert Energy Ltd has the following Shares and Options on issue at the date of this Notice:

Shares	80,000,001
Options	Nil

Assuming all of the proposed 7,500,000 Desert Energy Options to be issued to the Consulting Companies or their Nominees are exercised, the effect would be to dilute the shareholding of existing Desert Energy Shareholders by approximately 8.57%.

The market price of the Desert Energy Shares during the term of the Desert Energy Options will normally determine whether or not the option holders will exercise the Options. At the time any Desert Energy Options are exercised and Desert Energy Shares are issued pursuant to the exercise of the Desert Energy Options, the Desert Energy

AURORA MINERALS LIMITED

ABN 46 106 304 787

Shares may be trading on ASX at a price which is higher than the exercise price of the Desert Energy Options.

(vi) *Desert Energy Share prices over the past 12 months*

In the 2 months since Desert Energy Ltd listed on the Australian Stock Securities Exchange the highest price of shares in Desert Energy Ltd trading on the ASX was 20.5 cents, which occurred on 28th September 2007, and the lowest price was 13 cents on 13th and 14th September 2007.

The closing price of Desert Energy Ltd's shares on 8 October 2007 was 18.5 cents. The share price during this period has traded at various levels.

(vii) *Impact of International Financial Reporting Standards*

Desert Energy Ltd's adoption of Australian equivalents to International Financial Reporting Standards means that, under AASB2 Share-based Payment, equity-based compensation is recognised as an expense in respect of the services received.

Except as stated in this Explanatory Memorandum the Directors do not consider that from an economic and commercial point of view, there are any costs or detriments including opportunity costs or taxation consequences for the Company or benefits foregone by granting the Desert Energy Options pursuant to Resolutions 10,11 and 12.

The Directors (other than in respect of the Resolution that they receive a benefit, in which case they decline to comment) do not consider there are any significant costs or detriments including opportunity costs or taxation consequences to the Company or benefits foregone by the Company in Desert Energy Ltd issuing the Options to the Consulting Companies or their Nominees upon the terms proposed except as otherwise disclosed in this Explanatory Statement.

Neither the Company nor the Directors are aware of any undisclosed information that would be reasonably required by shareholders to make a decision in relation to the potential financial benefits contemplated by the proposed Resolutions 10, 11 and 12.

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AURORA MINERALS LIMITED

ABN 46 106 304 787

Glossary

In this Explanatory Memorandum (including the terms and conditions of the Consultant Options, the following terms have the following meanings unless the context otherwise requires:

ASIC	Australian Securities & Investments Commission.
ASX	Australian Securities Exchange Limited ABN 98 008 624 691.
ASX Listing Rules or Listing Rules	The Listing Rules of the ASX.
Board	The Board of Directors.
Company	Aurora Minerals Limited ABN 46 106 304 787.
Desert Energy Options	Means the options to acquire Desert Energy Shares which are the subject of resolutions 10,11 and 12 in the Notice
Desert Energy Shares	Fully paid ordinary shares in the capital of Desert Energy Ltd
Desert Energy Shareholders	Means the holders of Desert Energy Shares
Corporations Act	Corporations Act 2001 (Cth).
Director	A director of the Company.
Market price	The closing price on SEATS excluding special crossings, overnight sales and exchange traded option exercises.
Meeting	The Annual General Meeting of the Company to be held on 30 November 2007.
Nominee	A Nominee as defined in the Appendix 1 or 2 as the case may be.
Notice	The Notice of Meeting accompanying this Explanatory Memorandum.
Option	An option to acquire a Share.
Optionholder	The holder of any options issued pursuant to Resolutions 3, 4, 5 or 6 of the Notice.
Placement	The placements made on 2 April 2007 and 21 May 2007 and subject of Resolution 8 of the Notice.
Shareholders	Holders of Shares.
Shares	Fully paid ordinary shares in the capital of the Company.

Appendix 1**Terms and Conditions of Consultant Options to be issued by Aurora Minerals Ltd**

The Consultant Options will entitle the optionholders to subscribe for Shares in the Company on the following terms:

(a) Issue price

Each Consultant Option is issued for nil consideration.

(b) Exercise price

Each Consultant Option shall entitle the optionholder to acquire one fully paid ordinary share in the capital of the Company upon exercise and payment of an exercise price equal to the closing market price for a Share at the issue date of the Consultant Option plus 69.5% of that market price ("the Exercise Price"). In determining the closing market price, the closing price on SEATS will be used excluding special crossings, overnight sales and exchange traded option exercises.

(c) Expiry date

Subject to the provisions herein which provide for Consultant Options to lapse earlier in certain circumstances, Consultant Options will expire on the Expiry Date for that class of Options. The Expiry Dates for the different classes of Consultant Options are as follows:

Able Kids Options	83 calendar months after the date of issue.
Anketell Options	83 calendar months after the date of issue.
Holihox Options	83 calendar months after the date of issue.
KBM Options	36 calendar months after the date of issue
Airmax Options	36 calendar months after the date of issue
Golden Options	36 calendar months after the date of issue
Adelphi Options	36 calendar months after the date of issue
Fox Options	36 calendar months after the date of issue
Hazard Options	36 calendar months after the date of issue

(d) Certificate

A certificate will be issued for the Consultant Options and sent to the optionholder together with the terms and conditions of the Consultant Options and a written notice that is to be completed when exercising Consultant Options.

(e) Consultant Options not listed

The Consultant Options will not be listed for official quotation on the ASX.

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(f) Consultant Options not transferable

- (i) For Able Kids, Anketell and Holihox Options, subject to the Listing Rules of the ASX, the Consultant Options can be transferred to a Nominee of the optionholders (as defined in Section (o) Interpretation), but otherwise are not transferable, without the prior written approval of the Directors.
- (ii) For KMB, Airmax, Golden, Fox and Hazard Options, subject to the Listing Rules of the ASX, the Consultant Options can be transferred to a Nominee of the optionholders (as defined in Section (o) Interpretation, except that (o) f) shall not apply to KMB, Adelphi, Airmax, Golden, Fox and Hazard Options without the prior written approval of the Directors), but otherwise are not transferable, without the prior written approval of the Directors.

(g) Exercise

Subject to m) below, the Consultant Options may be exercised by notice in writing to the Company ("the Exercise Notice"), delivery of the Consultant Option certificates and payment of the Exercise Price to the Company at any time between the date of issue and the Expiry Date ("the Exercise Period"). The Consultant Options may be exercised in one or more lots, of not less than 10,000 Options at any one time, on different occasions during the Exercise Period. Within 5 business days of receipt of the "Exercise Notice" and Consultant Option certificates and payment of the "Exercise Price", the Company will allot the corresponding number of fully paid ordinary shares to the optionholder, procure the issue a statement of holding for the shares and apply for the shares to be listed on the stock exchanges on which the Company is listed. The shares issued as a result of exercise of the Consultant Options shall rank equally in all respects with the other issued fully paid shares in the Company.

(h) New share issue

If the Consultant Options are exercised before the record date of an entitlement, the optionholder can participate in a pro rata issue to the holders of the underlying securities in the Company. The Company must notify the optionholder of the proposed issue at least 9 business days before the record date. Optionholders do not have a right to participate in new share issues without exercising their Consultant Options in accordance with Listing Rule 6.19.

(i) Bonus Issue

If, from time to time, before the expiry of the Options the Company makes a pro rata issue of Shares to Shareholders for no consideration, the number of Shares over which the Options are exercisable will be increased by the number of Shares which the optionholder would have received if the Option had been exercised before the record date for calculating entitlements to the pro rata issue.

(j) Reorganisations

In the event of any reorganization of the issued capital of the Company, the Consultant Options will be reorganized by the Company in accordance with the Listing Rules (including without limitation by changing the number or exercise price for the Consultant Options in such manner as may be required by the Listing Rules.)

(k) Change of Consultant Option's exercise price or the number of underlying securities

- (i) In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Consultant Options may be reduced according to the following formula:

$$O' = O - \frac{E[P - (S + D)]}{N + 1}$$

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AURORA MINERALS LIMITED

ABN 46 106 304 787

- O' = the new exercise price of the Consultant Option;
- O = the old exercise price of the Consultant Option;
- E = the number of underlying securities in the Company into which one option is exercisable;
- P = the average market price per security (weighted by reference to volume) of the underlying securities in the Company during the five (5) trading days ending on the day before the ex rights date or ex entitlements date;
- S = the Subscription price for a security under the pro rata issue;
- D = the Dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue);
- N = the Number of securities with rights or entitlements that must be held to receive a right to one new security in the Company.

- (ii) The number of shares to be issued pursuant to the exercise of Consultant Options will be adjusted for bonus issues made prior to exercise of Consultant Options. The effect will be that upon exercise of the Consultant Options the number of shares received by the optionholder will include the number of bonus shares that would have been issued if the Consultant Options had been exercised prior to the record date for bonus issues. The exercise price of the Consultant Options shall not change as result of any such bonus issue.

(l) Dividends

The Consultant Options carry no entitlement to participate in dividends until shares are allotted pursuant to the exercise of the Consultant Options.

(m) Cessation of engagement of the Consultant or death of the optionholder.

- (i) In the event of the death of a Relevant Person in relation to a parcel of Consultant Options then such parcel of Consultant Options shall remain in full force and effect for the full term up until the Expiry Date and may be exercised at any time up to the Expiry Date by the holder or a deceased optionholder's legal personal representative.
- (ii) Subject to paragraph (iii), (iv) and (v) below, in the event of a Consultant (other than a Specified Consultant) ceasing to be engaged by the Company or any of its subsidiaries as a consultant one half of the Consultant Options issued to that Consultant or its Nominee shall remain in full force and effect for the full term up until the Expiry Date and the other half of such Consultant Options may only be exercised by the optionholder within 3 months of such Consultant ceasing to be so engaged and immediately following that 3 months shall forthwith lapse and have no further effect unless otherwise determined by the board of directors of the Company.
- (iii) If at the time a Consultant ceases to provide consulting services to the Company, the Relevant Person in relation to the Consultant Options issued to such Consultant (or its Nominee) commences providing consulting services to the Company or becomes an employee of the Company then for then for the purposes of (ii) above, that Consultant will be deemed to continue to provide consulting services to the Company for such period as such Relevant Person continues as a consultant or employee of the Company and accordingly all such Consultant Options will remain in full force and effect during such period.
- (iv) In the event of a Consultant ceasing to be engaged as a consultant or deemed consultant by the Company or any of its subsidiaries following the takeover of the Company or following a Change in Control, all Consultant Options issued to such Consultant or its Nominee shall remain in full force and effect for the full term up until the Expiry Date.

AURORA MINERALS LIMITED

ABN 46 106 304 787

- (v) In the event that a Specified Consultant ceases to be engaged by the Company or any of its subsidiaries as a consultant within two years of the issue of any Consultant Options to such Specified Consultant or its Nominee, then all such Consultant Options will immediately and automatically lapse.
- (vi) In the event that a Specified Consultant ceases to be engaged as a consultant by the Company or any of its subsidiaries, other than in the circumstances described in (iii), (iv) or (v) above, any Options may only be exercised within 3 months of the Consultant ceasing to be so engaged by the Company unless otherwise determined by the Board of Directors of the Company.

(n) Directorships

For the avoidance of doubt it is recorded that the Able Kids Options, the Anketell Options and the Holihox Options will not cease to be exercisable merely because any of Robert Taylor, Garry O'Hara or Phillip Jackson cease to be directors of the Company.

(o) Interpretation

In these terms and conditions the following terms will bear the following means unless the context otherwise requires:

"Able Kids Options" means 3,000,000 Consultant Options issued to Able Kids Pty Ltd or its Nominee;

"Adelphi Options" means 500,000 Consultant Options issued to Adelphi Resources Pty Ltd or its Nominee;

"Airmax Options" means 1,000,000 Consultant Options issued to Airmax International Pty Ltd or its Nominee;

"Anketell Options" means 3,000,000 Consultant Options issued to Anketell Pty Ltd or its Nominee;

"ASX" means the Australian Securities Exchange;

"Change in Control" means a change in the composition of the shareholders of the Company whereby a person who does not presently control the Company within the meaning of section 50AA of the Corporations Act gains such control over the Company;

"Consultant" means any of Able Kids Pty Ltd, Airmax International Pty Ltd, Adelphi Resources Pty Ltd, Anketell Pty Ltd, Fox Contracting WA Pty Ltd, Golden Kilometre Mines Pty Ltd, Hazard Geological and Geotechnical Services Pty Ltd, Holihox Pty Ltd, KMB Australia Pty Ltd;

"Consultant Options" means the Able Kids Options, the Adelphi Options, the Airmax Options, the Anketell Options, the Fox Options, the Golden Options, the Hazard Options, the Holihox Options, and the KMB Options;

"Fox Options" means 200,000 Consultant Options issued to Fox Contracting WA Pty Ltd or its Nominee;

"Golden Options" means 500,000 Consultant Options issued to Golden Kilometre Mines Pty Ltd or its Nominee;

"Hazard Options" means 350,000 Consultant Options issued to Hazard Geological and Geotechnical Services Pty Ltd or its Nominee;

"Holihox Options" means 1,500,000 Consultant Options issued to Holihox Pty Ltd or its Nominee;

AURORA MINERALS LIMITED

ABN 46 106 304 787

“**KBM Options**” means 1,000,000 Consultant Options issued to KBM Australia Pty Ltd s or its Nominee;

“**Listing Rules**” means the listing rules as amended from time to time of the ASX;

“**Nominee**” means:

- (a) the Relevant Person;
- (b) a spouse or de facto spouse of the Relevant Person;
- (c) a child, sibling or parent of the Relevant Person;
- (d) a family trust associated with the Relevant Person;
- (e) a superannuation fund in which the Relevant Person or any of the persons referred to above is a member;
- (f) any third party as part of a bona fide arrangement entered into by the option holder in order to finance the exercise of the Consultant Options or any of them; or
- (g) any other nominee approved by the Company

“**Relevant Person**” means:

- (a) in relation to the Able Kids Options Dr Robert Taylor;
- (b) in relation to the Adelphi Options Mr Bruce Waddell;
- (c) in relation to the Airmax Options means Mr Andrew Kenny;
- (d) in relation to the Anketell Options Mr Garry O'Hara;
- (e) in relation to the Fox Options Mr Kelvin Fox;
- (f) in relation to the Golden Options Mr Eric Moore;
- (g) in relation to the Hazard Options Mr Nicholas Hazard;
- (h) in relation to the Holihox Options Mr Phillip Jackson;
- (i) in relation to the KMB Options Mr Kenneth Banks.

“**Specified Consultant**” means any of Adelphi Resources Pty Ltd, Airmax International Pty Ltd, Fox Contracting WA Pty Ltd, Golden Kilometre Mines Pty Ltd, Hazard Geological and Geotechnical Services Pty Ltd and KMB Australia Pty Ltd;

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Appendix 2**Terms and Conditions of Consultant Options to be issued by Desert Energy Limited**

The Consultant Options will entitle the optionholders to subscribe for Shares in the Company on the following terms:

(a) Issue price

Each Consultant Option is issued for nil consideration.

(b) Exercise price

Each Consultant Option shall entitle the optionholder to acquire one fully paid ordinary share in the capital of the Company upon exercise and payment of an exercise price equal to the closing market price for a Share at the issue date of the Consultant Option **plus 100.1 % of that market price** ("the Exercise Price"). In determining the closing market price, the closing price on SEATS will be used excluding special crossings, overnight sales and exchange traded option exercises.

(c) Expiry date

Consultant Options will expire on the Expiry Date for that class of Options. The Expiry Dates for the different classes of Consultant Options are as follows:

Able Kids Options	83 calendar months after the date of issue.
Anketell Options	83 calendar months after the date of issue.
Holihox Options	83 calendar months after the date of issue.
KBM Options	36 calendar months after the date of issue
Airmax Options	36 calendar months after the date of issue
Golden Options	36 calendar months after the date of issue
Adelphi Options	36 calendar months after the date of issue
Fox Options	36 calendar months after the date of issue
Hazard Options	36 calendar months after the date of issue

(d) Certificate

A certificate will be issued for the Consultant Options and sent to the optionholder together with the terms and conditions of the Consultant Options and a written notice that is to be completed when exercising Consultant Options.

(e) Consultant Options not listed

The Consultant Options will not be listed for official quotation on the ASX.

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(f) Consultant Options not transferable

- (i) For Able Kids, Anketell and Holihox Options, subject to the Listing Rules of the ASX, the Consultant Options can be transferred to a Nominee of the optionholders (as defined in Section (o) Interpretation), but otherwise are not transferable, without the prior written approval of the Directors.
- (ii) For KMB, Airmax, Adelphi, Golden, Fox and Hazard Options, subject to the Listing Rules of the ASX, the Consultant Options can be transferred to a Nominee of the optionholders (as defined in Section (o) Interpretation), except that (o) f) shall not apply to KMB, Airmax, Adelphi, Golden, Fox and Hazard Options without the prior written approval of the Directors), but otherwise are not transferable, without the prior written approval of the Directors.

(g) Exercise

Subject to m) below, the Consultant Options may be exercised by notice in writing to the Company ("the Exercise Notice"), delivery of the Consultant Option certificates and payment of the Exercise Price to the Company at any time between the date of issue and the Expiry Date ("the Exercise Period"). The Consultant Options may be exercised in one or more lots, of not less than 10,000 Options at any one time, on different occasions during the Exercise Period. Within 5 business days of receipt of the "Exercise Notice" and Consultant Option certificates and payment of the "Exercise Price", the Company will allot the corresponding number of fully paid ordinary shares to the optionholder, procure the issue a statement of holding for the shares and apply for the shares to be listed on the stock exchanges on which the Company is listed. The shares issued as a result of exercise of the Consultant Options shall rank equally in all respects with the other issued fully paid shares in the Company.

(h) New share issue

If the Consultant Options are exercised before the record date of an entitlement, the optionholder can participate in a pro rata issue to the holders of the underlying securities in the Company. The Company must notify the optionholder of the proposed issue at least 9 business days before the record date. Optionholders do not have a right to participate in new share issues without exercising their Consultant Options in accordance with Listing Rule 6.19.

(i) Bonus Issue

If, from time to time, before the expiry of the Options the Company makes a pro rata issue of Shares to Shareholders for no consideration, the number of Shares over which the Options are exercisable will be increased by the number of Shares which the optionholder would have received if the Option had been exercised before the record date for calculating entitlements to the pro rata issue.

(j) Reorganisations

In the event of any reorganization of the issued capital of the Company, the Consultant Options will be reorganized by the Company in accordance with the Listing Rules (including without limitation by changing the number or exercise price for the Consultant Options in such manner as may be required by the Listing Rules.)

(k) Change of Consultant Option's exercise price or the number of underlying securities

- (i) In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Consultant Options may be reduced according to the following formula:

$$O' = O - \frac{E[P - (S + D)]}{N + 1}$$

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AURORA MINERALS LIMITED

ABN 46 106 304 787

O' = the new exercise price of the Consultant Option;

O = the old exercise price of the Consultant Option;

E = the number of underlying securities in the Company into which one option is exercisable;

P = the average market price per security (weighted by reference to volume) of the underlying securities in the Company during the five (5) trading days ending on the day before the ex rights date or ex entitlements date;

S = the Subscription price for a security under the pro rata issue;

D = the Dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue);

N = the Number of securities with rights or entitlements that must be held to receive a right to one new security in the Company.

- (ii) The number of shares to be issued pursuant to the exercise of Consultant Options will be adjusted for bonus issues made prior to exercise of Consultant Options. The effect will be that upon exercise of the Consultant Options the number of shares received by the optionholder will include the number of bonus shares that would have been issued if the Consultant Options had been exercised prior to the record date for bonus issues. The exercise price of the Consultant Options shall not change as result of any such bonus issue.

(l) Dividends

The Consultant Options carry no entitlement to participate in dividends until shares are allotted pursuant to the exercise of the Consultant Options.

(m) Cessation of engagement of the Consultant or death of the optionholder.

- (i) In the event of the death of a Relevant Person in relation to a parcel of Consultant Options then such parcel of Consultant Options shall remain in full force and effect for the full term up until the Expiry Date and may be exercised at any time up to the Expiry Date by the holder or a deceased optionholder's legal personal representative.
- (ii) Subject to paragraph (iii), (iv) and (v) below, in the event of a Consultant (other than a Specified Consultant) ceasing to be engaged by the Company or any of its subsidiaries as a consultant one half of the Consultant Options issued to that Consultant or its Nominee shall remain in full force and effect for the full term up until the Expiry Date and the other half of such Consultant Options may only be exercised by the optionholder within 3 months of such Consultant ceasing to be so engaged and immediately following that 3 months shall forthwith lapse and have no further effect unless otherwise determined by the board of directors of the Company.
- (iii) If at the time a Consultant ceases to provide consulting services to the Company, the Relevant Person in relation to the Consultant Options issued to such Consultant (or its Nominee) commences providing consulting services to the Company or becomes an employee of the Company then for then for the purposes of (ii) above, that Consultant will be deemed to continue to provide consulting services to the Company for such period as such Relevant Person continues as a consultant or employee of the Company and accordingly all such Consultant Options will remain in full force and effect during such period.
- (iv) In the event of a Consultant ceasing to be engaged as a consultant or deemed consultant by the Company or any of its subsidiaries following the takeover of the Company or following a Change in Control, all Consultant Options issued to such Consultant or its Nominee shall remain in full force and effect for the full term up until the Expiry Date.

AURORA MINERALS LIMITED

ABN 46 106 304 787

- (v) In the event that a Specified Consultant ceases to be engaged by the Company or any of its subsidiaries as a consultant within two years of the issue of any Consultant Options to such Specified Consultant or its Nominee, then all such Consultant Options will immediately and automatically lapse.
- (vi) In the event that a Specified Consultant ceases to be engaged as a consultant by the Company or any of its subsidiaries, other than in the circumstances described in (iii),(iv) or (v) above, any Options may only be exercised within 3 months of the Consultant ceasing to be so engaged by the Company unless otherwise determined by the Board of Directors of the Company.

(n) Directorships

For the avoidance of doubt it is recorded that the Able Kids Options, the Anketell Options and the Holihox Options will not cease to be exercisable merely because any of Robert Taylor, Garry O'Hara or Phillip Jackson cease to be directors of the Company.

(o) Interpretation

In these terms and conditions the following terms will bear the following means unless the context otherwise requires:

"Able Kids Options" means 3,000,000 Consultant Options issued to Able Kids Pty Ltd or its Nominee;

"Adelphi Options" means 500,000 Consultant Options issued to Adelphi Resources Pty Ltd or its Nominee;

"Airmax Options" means 1,000,000 Consultant Options issued to Airmax International Pty Ltd or its Nominee;

"Anketell Options" means 3,000,000 Consultant Options issued to Anketell Pty Ltd or its Nominee;

"Change in Control" means a change in the composition of the shareholders of the Company whereby a person who does not presently control the Company within the meaning of section 50AA of the Corporations Act gains such control over the Company;

"Company" means Desert Energy Limited;

"Consultant" means any of Able Kids Pty Ltd, Adelphi Resources Pty Ltd, Airmax International Pty Ltd, Anketell Pty Ltd, Fox Contracting WA Pty Ltd, Golden Kilometre Mines Pty Ltd, Hazard Geological and Geotechnical Services Pty Ltd, Holihox Pty Ltd, KMB Australia Pty Ltd;

"Consultant Options" means the Able Kids Options, the Adelphi Options, the Airmax Options, the Anketell Options, the Fox Options, the Golden Options, the Hazard Options, the Holihox Options, and the KMB Options;

"Directors" means the directors from time to time of the Company

"Fox Options" means 500,000 Consultant Options issued to Fox Contracting WA Pty Ltd or its Nominee;

"Golden Options" means 500,000 Consultant Options issued to Golden Kilometre Mines Pty Ltd or its Nominee;

"Hazard Options" means 200,000 Consultant Options issued to Hazard Geological and Geotechnical Services Pty Ltd or its Nominee;

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AURORA MINERALS LIMITED

ABN 46 106 304 787

“**Holihox Options**” means 1,500,000 Consultant Options issued to Holihox Pty Ltd or its Nominee;

“**KBM Options**” means 1,000,000 Consultant Options issued to KBM Australia Pty Ltd or its Nominee;

“**Listing Rules**” means the listing rules as amended from time to time of the ASX;

“**Nominee**” means:

- (a) the Relevant Person;
- (b) a spouse or de facto spouse of the Relevant Person;
- (c) a child, sibling or parent of the Relevant Person;
- (d) a family trust associated with the Relevant Person;
- (e) a superannuation fund in which the Relevant Person or any of the persons referred to above is a member;
- (f) any third party as part of a bona fide arrangement entered into by the option holder in order to finance the exercise of the Consultant Options or any of them; or
- (g) any other nominee approved by the Company

“**Relevant Person**” means:

- (a) in relation to the Able Kids Options Dr Robert Taylor;
- (b) in relation to the Adelphi Options Mr Bruce Waddell;
- (c) in relation to the Airmax Options means Mr Andrew Kenny;
- (d) in relation to the Anketell Options Mr Garry O'Hara;
- (e) in relation to the Fox Options Mr Kelvin Fox;
- (f) in relation to the Golden Options Mr Eric Moore;
- (g) in relation to the Hazard Options Mr Nicholas Hazard;
- (h) in relation to the Holihox Options Mr Phillip Jackson;
- (i) in relation to the KMB Options Mr Kenneth Banks.

“**Specified Consultant**” means any of Adelphi Resources Pty Ltd, Airmax International Pty Ltd, Fox Contracting WA Pty Ltd, Golden Kilometre Mines Pty Ltd, Hazard Geological and Geotechnical Services Pty Ltd and KMB Australia Pty Ltd;

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Facsimile: 61 (8) 9325 3163
Email: info@auroraminerals.com
Website: www.auroraminerals.com

Proxy Form

I/we.....(full name, block letters)

of.....
being a member of **Aurora Minerals Limited** hereby appoint

.....
of.....
or, failing him, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the company to be held at **10.30 am on 30 November 2007** and at any adjournment thereof.
I/we direct my/our proxy how to vote in the following manner:

ORDINARY BUSINESS

		For	Against	Abstain
Resolution 1	To re-elect Phillip Jackson as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	To adopt the Remuneration Report as set out in the 2007 Annual Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	To approve issue of Options to Able Kids Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	To approve issue of Options to Anketell Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	To approve issue of Options to Holihox Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	To approve issue of Options to Consultants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	To approve Aurora Employee Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	To ratify past Share Placements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	To approve future share Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	To approve issue of Desert Energy Options to Able Kids Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	To approve issue of Desert Energy Options to Anketell Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12	To approve issue of Desert Energy Options to Holihox Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no directions are given my/our proxy may vote as the proxy thinks fit or abstain.

If the Chair of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of the resolution, please place a mark in the box

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolutions and that votes cast by the Chair of the meeting for those resolutions other than as proxy holder will be disregarded because of that interest.

If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolutions and your votes will not be counted in calculating the required majority if a poll is called on the resolution.

Where the Chairman is appointed as proxy, the Chairman's voting intention in relation to undirected proxies in respect of these resolutions is to vote **FOR** the resolutions.

This Proxy is appointed to represent _____% of my voting right, or if 2 proxies are appointed Proxy 1 represents _____% and Proxy 2 represents _____% of my total votes. My total voting right is _____ shares

If the shareholder(s) is an individual(s), every shareholder is to sign:

If the shareholder is a company, sign in accordance with Section 127(1) of Corporations Act or affix common seal (if required by Constitution).

Signed: _____

Director or Sole Director and Secretary

Signed: _____

Director/Secretary

Dated: _____ 2007

Dated: _____ 2007

This form is to be used in accordance with the directions overleaf.

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Instructions for completing and lodging this Proxy Form

1. A shareholder who is entitled to attend and vote at a meeting is entitled to appoint a proxy (and a shareholder who is entitled to cast two or more votes may appoint not more than two proxies) to attend and vote at the meeting.
2. Where two proxies are appointed each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. Where two proxies for a shareholder are present at the meeting, neither proxy shall be entitled to vote on a show of hands, and on a poll the appointment shall be of no effect, unless each proxy is appointed to represent a specified proportion of the shareholder's voting rights, not exceeding 100% in aggregate.
3. A proxy need not himself be a shareholder of the Company.
4. The proxy form must be signed personally by the shareholder or his attorney, duly authorised in writing. If a proxy is given by a corporation, the proxy must be executed under either the common seal of the corporation or in accordance with section 127 of the Corporations Act or by its duly authorised attorney. In the case of joint shareholders, this proxy must be signed by at least one of the joint shareholders, personally or by a duly authorised attorney.
5. If a proxy is executed by an attorney of a shareholder, then the original of the relevant power of attorney or a certified copy of the relevant power of attorney, if it has not already been noted by the company, must accompany the proxy form.
6. If the proxy form specifies a way in which the proxy is to vote on any of the resolutions stated above, then the following applies:
 - (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way; and
 - (b) 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
 - (c) if the proxy is Chairman, the proxy must vote on a poll and must vote that way, and
 - (d) if the proxy is not the Chairman, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.

If a proxy is also a shareholder, the proxy can cast any votes the proxy holds as a shareholder in anyway that the proxy sees fit.
7. The Proxy Form (and any power of attorney or other authority pursuant to which the Proxy Form has been signed) must:
either be deposited at the registered office of the Company, Level 2, 231 Adelaide Terrace, Perth,
or be sent by post to Aurora Minerals Limited, PO Box 3107, Adelaide Terrace, Perth, WA 6832,
or be sent by facsimile to Aurora Minerals Limited at (08) 9325 3163 so as to be received not later than 48 hours before the time fixed for the holding of the meeting
- that is to be received by 10.30 am Western Daylight Saving Time on Wednesday 28 November 2007.

Change of Address

Should your address have changed please use this section to advise the Company and, if faxing your proxy form, please fax this side of the proxy form as well.

My new address is:

My email address is: _____

My phone number is: _____

For personal use only



RULES OF AURORA MINERALS LIMITED EMPLOYEE OPTION PLAN

1. NAME OF PLAN

1.1 This Plan shall be called the Aurora Minerals Limited Employee Option Plan.

2. ESTABLISHMENT AND TERMINATION OF THE PLAN

2.1 The board may establish and administer the Plan in accordance with the terms and conditions set out in these Rules and otherwise as it determines from time to time in its absolute discretion.

2.2 The Board may terminate the Plan, or suspend its operation for any period it considers desirable, at any time that it considers appropriate.

2.3 The Board may not issue any further Options after the Plan has been terminated. However, these Rules will continue to apply to Options on issue at the date of such termination until the last of those Options lapses or is exercised.

3. PURPOSE OF PLAN

3.1 The purpose of this Plan is to:

- a) recognise the ongoing ability of the Employees, Directors and Consultants of the Company and their expected efforts and contribution in the long term to the performance and success of the Company.
- b) provide an incentive to the Employees, Directors and Consultants of the Company to remain in their employment in the long term:
- c) attract persons of experience and ability to contract with the Company and foster and promote loyalty between the Company and its Employees, Directors and Consultants: and
- d) provide Employees, Directors and Consultants of the Company with the opportunity to acquire Options, and ultimately Shares, in the Company, in accordance with these Rules.

4. OPERATION OF THE PLAN

4.1 The Plan operates according to these Rules which bind the Company and each Participant.

4.2 The number of Shares to be received on exercise of the Options the subject of an Offer when aggregated with:

- a) The number of Shares which would be issued were each outstanding offer or Option, being an offer made or Option acquired pursuant to the Plan or any other employee share scheme extended only to employees, consultants or Directors of the company, exercised: and
 - b) The number of Shares issued during the previous 5 years pursuant to the Plan or any other employee share scheme extended only to employees, consultants or Directors of the Company: but disregarding any offer made, or Option acquired or Share issued by way of or as a result of:
 - a) An offer to a person situated at the time of receipt of the Offer outside Australia: or
 - b) An offer that did not need disclosure to investors because of section 708 of the Corporations Act: or
 - c) An offer made under a disclosure document.
- must not exceed 5% of the total number of issued Shares as at the time of the Offer.

5. ELIGIBILITY

5.1 Subject to these Rules, the Board may from time to time determine that any Eligible Person is entitled to participate in the Plan and the extent of that participation. Prior to making that determination, the Board must consider:

- a) the seniority of the relevant Eligible Person and the position the Eligible Person occupies within the Company;
- b) the length of service of the Eligible Person with the Company;
- c) the record of employment of the Eligible Person with the Company;
- d) the potential contribution of the Eligible Person to the growth of the Company;
- e) the extent (if any) of the existing participation of the Eligible Person (or any Permitted Nominee in relation to that Eligible Person) in the Plan; and
- f) any other matters which the Board considers relevant.

5.2 The board may exercise its powers in relation to the participation of any Eligible Person on any number of occasions.

6. OFFER OF OPTIONS AND EXERCISE PRICE

6.1 Subject to these Rules and to the Listing Rules, the Company (acting through the Board) may offer Options to any Eligible Person at such times and on such terms as the Board considers appropriate. Each Offer must state:

- a) the name and address of the Eligible Person to whom the Offer is made;
- b) that the Eligible Person to whom the Offer is addressed may accept the whole or any lesser number of Options offered;
- c) the minimum number of Options and any multiple of such minimum or any other number which may be accepted;
- d) the period within which the Offer may be accepted, and the period or periods during which the Options or any of them may be exercised and the Expiry Date;

- e) any Exercise Conditions;
- f) the method of calculation of the Exercise Price; and
- g) any other matters which the Board may determine including any terms and conditions which the Board may see fit to impose in relation to the Options..
- 6.2 The method of calculation of the Exercise Price of each Option will be determined by the Board having regard to such factors at the Board considers appropriate including the Market Value of the Shares when it resolves to offer the Option (but the Exercise Price may be higher than the Market Value where the Board considers appropriate.)

7. ACCEPTING OFFERS

7.1 Upon receipt of an Offer, an Eligible Person may, within the period specified in the Offer:

- a) accept the whole or any lesser number of Options offered by giving to the Company an Application Form; or
- b) nominate a nominee in whose favour the Eligible Person wishes to renounce the Offer by notice in writing to the Board. The Board may, in its absolute discretion, resolve not to allow such renunciation of an Offer in favour of a nominee without giving any reason for such decision.

7.2 Upon:

- a) receipt of the Application Form referred to in paragraph 7.1 (a); or
- b) the board resolving to allow a renunciation of an Offer in favour of a nominee designated by the Eligible Person ("Permitted Nominee") and the Permitted Nominee accepting the whole or any lesser number of Option offered by giving the Company an Application Form,
- then the Eligible Person or the Permitted Nominee, as the case may be, will be taken to have agreed to be bound by these Rules and will be granted Options subject to these Rules.

7.3 If Options are issued to a Permitted Nominee or an Eligible Person, the Eligible Person must, without limiting any provision to these Rules, ensure that the Permitted Nominee complies with these Rules.

7.4 On the issue of Options following receipt by the Company of an Application Form, an Eligible Person or the Permitted Nominee, as the case may be, becomes a Participant.

8. NO CONSIDERATION

8.1 No consideration is payable by an Eligible Person for a grant of an Option, unless the Board decides otherwise.

9. CERTIFICATES

9.1 The Company must give a Participant one or more Certificates stating the number of Options issued to the Participant;

- a) the Exercise Price and Expiry Date of those Options; and

b) the issue Date of those Options.

9.2 The Certificates for the Options will be dispatched within 10 Business Days after the Issue Date.

10. QUOTATION

10.1 The Company will not apply for Official Quotation of any Options.

10.2 If shares of the same class as those allotted pursuant to the exercise of Options granted under the Plan are listed on the ASX, the Company must apply for Official Quotation of those Shares allotted pursuant to the exercise of Options within the time required by the Listing Rules after the date of allotment.

11. NOT TRANSFERABLE

11.1 Subject to clause 14.5, Options are not transferable, except with the written consent of the Board.

12. EXERCISE OF OPTIONS

12.1 Subject to any Exercise Conditions, Options may be exercised at any time during the period commencing on the Issue Date and ending on the Expiry Date.

12.2 Notwithstanding paragraph 12.1, all Options may be exercised:

a) during a Bid Period; or

b) on an application under section 411 of the Corporations Act, if a court orders a meeting to be held concerning a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company.

12.3 Options may only be exercised by the Participant giving notice in writing to the Board delivered to the registered office of the Company. The notice must specify the number of Options being exercised and the Exercise Price for the Options specified in the notice and must be accompanied by:

the Certificate for those Options, for cancellation by the Company; and

a) a cheque payable to the Company (or another form of payment acceptable to the Board) in the amount of the product of the number of Options then being exercised by the Participant and the Exercise Price.

b) the notice is only effective (and only becomes effective) when the Company has received value for the full amount referred to in paragraph (b).

12.4 Subject to paragraph 14.1, within 10 Business Days after the notice referred to in clause 12.3 becoming effective, the Board must:

allot and issue the number of Shares to be issued in respect of the Options being exercised:

a) Cancel the Certificate for the Options being exercised: and

- b) If applicable, issue a new Certificate for any remaining Options covered by the Certificate accompanying the notice.

12.5 The board may, at its discretion, by notice to the Participant reduce, waive or vary (provided such variation is not adverse to the Participant) the Exercise Conditions attaching to Options in whole or in part at any time and in any particular case.

13. SHARES ALLOTTED ON EXERCISE OF OPTIONS

13.1 All Shares allotted upon exercise of the Options rank pari passu in all respects with Shares previously issued and, in particular, entitle the holders of Shares to participate fully in:

- a) dividends declared by the Company after the date of allotment; and
- b) all issues of securities made or offered pro rata to holders of Shares.

14. LAPSE OF OPTIONS

14.1 Options not validly exercised on or before the Expiry Date will automatically lapse.

14.2 Unless otherwise determined by the Board, if any Options are granted subject to Exercise Conditions and, prior to satisfactions of the Exercise Conditions (such that the Options are not exercisable), an Eligible Person ceases to be an Eligible Person then:

- a) If the Eligible Person ceases to be an Eligible Person for any reason other than a Specified Reason, any such Options held by such Eligible Person, or if appropriate, his or her Permitted Nominees, will automatically lapse; and
- b) If the Eligible Person ceases to be an Eligible Person for a Specified Reason, such Eligible Person, or if appropriate, his or her Permitted Nominee, may exercise any such Options held by him or her at any time up to the Expiry Date and may be exercised at any time up to the Expiry Date by the Holder or the Holder's Legal Personal Representative; or

I. Such longer period as the Board determines,

subject to the Board, in its absolute discretion, reducing, waiving or varying the Exercise Conditions applying to those Options in accordance with clause 12.5 so that those Options may be exercised. Options the subject of clause 14.2(b) not exercised within the 3 months or the longer period determined by the Board, will automatically lapse.

14.3 Unless otherwise determined by the Board, if an Eligible Person ceases to be an Eligible Person at any time after an Option is or has become exercisable, then:

- a) If the Board imposes at the time of grant of any Options a minimum period for which the Holder (or the Eligible Person who nominated that Holder as Permitted Nominee) must remain classified as an Eligible Person (whether as a Consultant, Employee or Director) then if prior to the end of such minimum period if the Holder (or the Eligible Person who nominated such Holder as Permitted Nominee) ceases to be an Eligible Person then such Options shall be deemed to have lapsed.

b) Following any minimum period in a) if the Eligible Person ceases to be an Eligible Person for any reason other than a Specified Reason, such Eligible Person, or if appropriate, his or her Permitted Nominee, may exercise any such Options held by him or her within:

- I. 1 month of ceasing to be an Eligible Person; or
- II. such longer period as the Board determines,
and any Options the subject of this clause not exercised within the 1 month or the longer period determined by the Board, will automatically lapse; and
- c) if an Eligible Person ceases to be an Eligible Person for a Specified Reason, such Eligible Person, or if appropriate his or her Permitted Nominee is entitled to exercise any such Options at anytime prior to its Expiry Date.

14.4 A Certificate signed by the Company Secretary of the Company stating that a person ceased for any reason to be an Eligible Person shall (in the absence of manifest error) be conclusive for the purposes of the Plan, both as to such occurrence and the reason for such occurrence and the date of such occurrence.

14.5 Subject to clause 14.1, 14.2 and 14.3 if at any time prior to the Expiry Date of any Options a Holder dies, the deceased Holder's Legal Personal Representative may:

- a) elect to be registered as the new Holder of the deceased Holder's Options;
- b) whether or not he or she becomes so register, exercise those Options in accordance with and subject to these Rules as if he were the Holder of them; and
- c) If the deceased Holder had already given the Company a notice of exercise of his of her Options, pay the Exercise Price in respect of those Options.

15. PARTICIPATION RIGHTS, BONUS ISSUES, RIGHTS ISSUE, REORGANISATIONS OF CAPITAL AND WINDING UP

15.1 New Issues

- a) Participants are not entitled to participate in any new issue of securities to existing holders of Shares in the Company unless:
 - I. They have become entitled to exercise their Options under the Plan: and
 - II. They do so before the record date for the determination of entitlements to the new issue of securities and participants as a result of being holders of Shares.
- b) The Company must give Participants, in accordance with the Listing Rules, notice of any new issue of securities before the record date for determining entitlements to the new issue.

15.2 Bonus Issues

There is no right to change the exercise price of an Option nor the number of underlying Shares over which the Option can be exercised, if the Company completes a bonus issue.

15.3 Pro Rata Issues

There is no right to change the exercise price of an Option nor the number of underlying Shares over which the Option can be exercised, if the Company completes a pro rata issue.

15.4 Reorganisation of Capital

If, prior to the expiry of any Options, there is a reorganisation of the issued capital of the Company, then the rights of a Participant (including the number of Options to which each Participant is entitled and the Exercise Price and the Expiry Date) may be changed by the Board to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

15.5 Winding Up

If, prior to the expiry of any Options, a resolution for a members voluntary winding up of the Company is, proposed (other than the purpose of a reconstruction or amalgamation) the Board may, in its absolute discretion, give written notice to Participants of the proposed resolution. Subject to the Exercise Conditions, the Participants may, during the period referred to in the notice, exercise their Options.

15.6 Fractions of Shares

For the purpose of this clause 15, if Options are exercised simultaneously, then the Participant may aggregate the number of Shares or fractions of Shares for which the Participant is entitled to subscribe. Fractions in the aggregate number only will be disregarded in determining the total entitlement of a Participant.

15.7 Calculations and Adjustments

Any calculations or adjustments which are required to be made under this clause 15 will be made by the Board and, in the absence of manifest error, are final and conclusive and binding on the Company and the Participant.

15.8 Notice of Change

The Company must within a reasonable period give to each Participant notice of any change under clause 15 to the Exercise Price of any Options held by the Participant or to the number of Shares which the Participant is entitled to subscribe for on exercise of an Option.

16. AMENDMENTS TO THE RULES

16.1 Board May Alter Rules

The Board may, subject to clause 16.3 and the Listing Rules, after, delete or add to these Rules at any time (save for the provisions of clause 4.2).

16.2 Alteration of clause 4.25

The board may alter clause 4.2 with the prior approval by ordinary resolution of the shareholders of the Company in a general meeting.

16.3 Consent of Participants

If any amendments to be made under clause 16.1 would adversely affect the rights of Participants in respect of any Options then held by them, the Board must obtain the consent of Participants who between them hold not less than 75% of the total number of those Options held by all those Participants before making the amendment.

16.4 Eligible Persons Outside Australia

The Board may make any additions, variations or modifications to the Rules in relation to the implementation of the Plan, and the specific application of the Rules, to Eligible Persons residing outside Australia.

17. POWERS OF THE BOARD

17.1 The Plan shall be administered by the Board who shall have the power to:

- a) Determine appropriate procedures and make regulations for the administration of the Plan which are consistent with these Rules;
- b) Resolve conclusively all questions of fact or interpretation arising in connection with the Plan;
- c) Terminate or suspend the operation of the Plan at any time, provided that the termination or suspension does not adversely affect or prejudice the rights of Participants holding Options at that time;
- d) Delegate those functions and powers it considers appropriate, for the efficient administration of the Plan, to any one or more persons whom the Board reasonably believes to be capable of performing those functions and exercising those powers, for such period and on such conditions as the Board may determine;
- e) Take and rely upon independent professional or expert advice in or in relation to the exercise of any of their powers or discretions under these Rules;
- f) Determine terms and conditions applicable to any Options;
- g) Administer the Plan in accordance with these Rules as and to the extent provided in these Rules; and
- h) Make regulations for the operation of the Plan consistent with these Rules.

18. NOTICES

18.1 Notices may be given by the Company to any Holder either personally or by sending by post to his or her address as noted in the Company's records or to the address (if any) within the Commonwealth of Australia supplied by him to the Company for the giving of notices. Notices for any overseas Holders shall be forwarded and posted by air. Where a notice is sent by post the notice shall be deemed to be served on the day after posting. The signature of any notice may be given by any Director or secretary of the Company. A notice of exercise given under clause 12.3 shall not be deemed to be served on the Company until actually received.

19. NO COMPENSATION OR DAMAGES

19.1 The rights and obligations of any Holder under the terms of his or her employment or consultancy with the Company are not affected by his or her participation in the Plan.

19.2 These Rules do not form part of, and will not be incorporated into, any contract of engagement or employment between a Holder and the Company.

19.3 No Holder has any rights to compensation or damages as a result of the termination of his or her employment so far as those rights arise or may arise from the Holder ceasing to have rights under the Plan as a result of the termination.

19.4 Participants do not, as Participants, have any right to attend or vote at general meetings of holders of Shares.

20. GOVERNING LAW

20.1 The Plan and any Options issued under it are governed by the laws of Western Australia and the Commonwealth of Australia.

20.2 Each Participant irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia, the Commonwealth of Australia and courts entitled to hear appeals from those courts.

21. ADVICE

21.1 Eligible Persons should obtain their own independent advice at their own expense on the financial, taxation and other consequences to them of or relating to participation in the Plan.

22. DEFINITIONS AND INTERPRETATION

22.1 In these Rules, unless the context otherwise requires, the following words and expressions shall have the following meanings:

"Application Form" means a duly completed and executed application for the issue of Options made by an Eligible Person or Permitted Nominee in respect of an Offer, in the form approved by the Board from time to time;

"ASX" means Australian Securities Exchange Limited;

"Bid Period", in relation to a takeover bid in respect of shares in the Company, means the period referred to in the definition of that expression in section 9 of the Corporations Act provided that where a takeover bid is publicly announced prior to the service of a bidder's statement on the company in relation to that takeover bid, the Bid Period shall be deemed to have commenced at the time of that announcement;

"Board" means the Directors acting as the board of directors of the Company or a committee appointed by such board of directors;

"Business Day" means a day on which banks are open for business in Perth, Western Australia excluding a Saturday, Sunday or public holiday;

"Certificate" means the certificate issued in accordance with clause 9 by the Company to a Holder in respect of an Option;

"Company" means Aurora Minerals Limited ABN 46 106 304 787

“Consultant” means a person or company which provides services on a contractual basis to the Company and/or any of its subsidiaries in circumstances which comply with any of the following criteria:

- i. the Consultant, whether a company or otherwise, provides substantial services on an ongoing basis as part of a long term relationship with the Company and/or its subsidiaries which in the opinion of the Directors are important to the long term objectives of the Company; or
- ii. The Consultant provides services for the Company and/or its subsidiaries on a substantially full time basis; or
- iii. In the case of a Consultant which is a company, such company provides to the Company and/or its subsidiaries the services of a specific individual on a substantially full time basis, or
- iv. The Consultant, whether a company or otherwise, enters into a contract with the Company and/or its subsidiaries with the intent that it will provide significant services on an ongoing basis to the Company and/or its subsidiaries for at least two years.

“Corporations Act” means *Corporations Act 2001 (Cth)*;

“Director” means a director of the Company from time to time but does not include a person who is only a director by virtue of being alternate director;

“Eligible Person” means at any time a person who then is a Director or an employee or a Consultant (whether full-time or part-time) whether personally or through a company, of the Company or of an associated body corporate of the Company;

“Exercise Condition” means the performance, vesting or other conditions (if any) determined by the Board and specified in an Offer which are, subject to these Rules, required to be satisfied, reached or met before an Option can be exercised.

“Exercise Price” means, in respect of an Option, the subscription price per Share, determined in accordance with clause 6.2, payable by a Holder on exercise of the Option;

“Expiry Date” means, in relation to an Option, the date determined by the Board prior to the offer of the relevant Options, subject to any restriction in the Corporations Act from time to time but in any event no longer than 5 years from the Issue Date;

“Holder” means, in relation to an Option, the Person (whether an Eligible Person or a Permitted Nominee) entered in the Company's register of options as the holder of that Option;

“Issue Date” means, in relation to an Option, the date on which the Company grants that Option;

“Legal Personal Representative” means the executor of the will or an administrator of the estate of a deceased person, the trustee of the estate of a person under a legal disability or a person who holds an enduring power of attorney granted by another person;

“Listing Rules” means the Official Listing Rules of ASX as they apply to the Company from time to time;

“Market Value” means, if the Company is admitted to the official list of ASX;

a) The weighed average closing sale price of the Shares recorded on the stock market of ASX over the five trading days immediately preceding the day on which the Board resolves to offer an Option, or

b) In circumstances where there has been no trading in the Shares during the five trading days immediately preceding the day on which the Board resolves to offer an Option, the last sale price recorded on the stock market of ASX;

“Offer” means an invitation to an Eligible Person made by the Company under clause 6.1 to apply for an issue of Options;

“Official Quotation” has the meaning ascribed to it in the Listing Rules;

“Option” means an option issued under the Plan to subscribe for a Share;

“Participant” means a person who holds Options issued under the Plan and includes, if a Participant dies or becomes subject to a legal disability, the Legal Personal Representative of the Participant;

“Permitted Nominee” has the meaning given to it by clause 7.2;

“Plan” means the Aurora Minerals Limited Employee Option Plan established in accordance with these Rules;

“Retirement” means, in relation to an Eligible Person, retirement by that Eligible Person from the Company at age 65 or over or such earlier age as considered appropriate by the Board;

“Rules” means these rules, as amended from time to time;

“Series” means, in relation to Options, Options with a common Issue Date;

“Shares” means fully paid ordinary shares in the capital of the Company;

“Specified Reason” means Retirement, Total and Permanent Disablement or death;

“Tax” means any tax, levy, impost, GST, deduction, charge, rate, contribution, duty or withholding which is assessed (or deemed to be assessed), levied, imposed or made by any government or any governmental, semi-governmental or judicial entity or authority together with any interest, penalty, fine, charge, fee or other amount assessed (or deemed to be assessed), levied, imposed or made on or in respect of any or all of the foregoing; and

“Total and Permanent Disablement” means, in relation to an Eligible Person, that the Eligible Person has, in the opinion of the Board and with effect on a date determined by the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Eligible Person unlikely ever to engage in any occupation for which he is reasonably qualified by education, training or experience.

22.2 In these Rules, unless a contrary intention appears:

- a) Where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning;
- b) The singular includes the plural and vice versa;
- c) A reference to a gender includes all genders; and
- d) An expression defined in, or given a meaning for the purposes of, the Corporations Act has the same meaning where used in these Rules.