

AURORA MINERALS LIMITED

ACN 106 304 787

OPTION ISSUE PROSPECTUS

Prospectus for the issue of 3,000,000 Consultant Options for nil consideration to Consultants, with each Option giving the holder the right to subscribe for one Share in the Company at an exercise price calculated on the basis of the closing market price for the Shares as at the date of issue of the Consultant Options, plus 10%, and with an expiry date being 3 years from the date of issue.

This document is important and requires your immediate attention. It should be read in its entirety. If you do not understand its contents or are in doubt as to the course you should follow, you should consult your stockbroker or professional adviser.

The Consultant Options offered by this Prospectus are considered to be of a speculative nature.

CORPORATE DIRECTORY

DIRECTORS

Phillip Sidney Redmond Jackson (Chairman)
Robert Spencer Taylor (Managing Director)
Garry Patrick O'Hara (Executive Director)

COMPANY SECRETARY

Peter Campbell Rutledge

REGISTERED AND PRINCIPAL OFFICE

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1202 Hay Street
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AUDITORS

Grant Thornton
Level 6
256 St Georges Terrace
PERTH WA 6000

SHARE REGISTRY

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ASX CODE

Ordinary Shares: ARM

NZSE CODE

Ordinary Shares: ARM

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Important Notes and Statements

This Prospectus is dated 2 December 2005. A copy of this Prospectus was lodged with the ASIC on 2 December 2005. Neither ASIC nor ASX take any responsibility for the contents of this Prospectus.

No Consultant Options will be allotted or issued on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus. Consultant Options issued pursuant to this Prospectus will be issued on the terms and conditions set out in this Prospectus.

An application for Consultant Options will only be accepted on the relevant Application Form accompanying this Prospectus.

Key Definitions

Throughout this Prospectus, for ease of reading, various words and phrases have been defined rather than used in full on each occasion and are set out in Section 6 of this Prospectus.

Section 1 DETAILS OF THE ISSUE

1.1 Issue

Pursuant to this Prospectus, the Company is offering to the following Consultants, a total of 3,000,000 Consultant Options with each option giving the holder the right to subscribe for one Share in the Company at an exercise price calculated on the basis of the closing market price for the Shares as at the date of issue of the Consultant Options, plus 10%, and with an expiry date being 3 years from the date of issue.

Table 1

Name	Consulting Company	Consulting Services	Number of Consultant Options
Phillip Jackson ¹	Holihox Pty Ltd	Legal and Commercial	1,000,000
Kenneth Banks	KMB Australia Pty Ltd	Investor Relations	700,000
Eric Moore	Golden Kilometre Mines Pty Ltd	Corporate and Administration Management	500,000
Nicholas Hazard	Hazard Geological and Geotechnical Services Limited	Geological services	300,000
Andrew Kenny	Airmax International Pty Ltd	Administration	175,000
Ken Middleton	Alpine Exploration Limited	Geotechnical services	125,000
Peter Rutledge	Sable Management Pty Ltd	Company Secretary	200,000
TOTAL			3,000,000

Notes:

1. *Phillip Jackson is a Director and Chairman of the Company.*

The Consultants have been retained by the Company to provide the consultancy services specified in the above table. The grant of the Consultant Options to the Consultants is designed to encourage the Consultants to have greater involvement in the achievement of the Company's objectives and to provide an incentive by participating in the future growth and prosperity of the Company through share ownership.

A summary of the terms and conditions of the Consultant Options is set out in Section 4.4 of this Prospectus.

1.2 Subscribing to the Issue

The Consultants which are offered the Consultant Options pursuant to this Prospectus may:

(a) accept the offer in whole or in part only (using the Application Form); or

(b) do nothing (in which case no Consultant Options will be granted).

1.3 Indicative Timetable

Prospectus lodged at ASIC and dispatched to eligible persons	2 December 2005
Closing Date	9 December 2005
Dispatch of Option Certificates	13 December 2005

Note: These dates are indicative only. The Directors reserve the right to vary the key dates without prior notice.

1.4 Entitlements and Acceptance

Only persons from whom applications are specifically invited pursuant to this Prospectus are eligible to apply for Consultant Options. The number of Consultant Options for which each person is entitled to apply is specified on the relevant Application Form accompanying this Prospectus.

Forward your completed Application Form to:

By Post	By Fax	By Hand
Company Secretary Aurora Minerals Limited PO Box 1921 WEST PERTH WA 6872	Company Secretary Aurora Minerals Limited PO Box 1921 WEST PERTH WA 6872 Fax No: 61 8 9322 5879	Company Secretary Aurora Minerals Limited Level 2, 33 Colin Street WEST PERTH WA 6005

1.5 Allotment of Consultant Options

Consultant Options granted pursuant to this Prospectus will be granted on the 2nd Business Day after the Closing Date.

1.6 Quotation of Consultant Options

The Company will not apply to ASX for official quotation of the Consultant Options. However, the Company will apply to the ASX for official quotation of the Shares allotted pursuant to the exercise of the Consultant Options if the Company's Shares are listed on the ASX at that time.

A decision by ASX to grant official quotation of the Shares issued on the exercise of any of the Consultant Options is not to be taken in any way as an indication of ASX's view as to the merits of the Company, or the Consultant Options now offered or the Shares issued on the exercise of any of the Consultant Options.

1.7 No Issue of Consultant Options after 13 months

No Consultant Options will be allotted or issued on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus.

Shares allotted or issued pursuant to exercise of an Option may be allotted or issued later than 13 months after the date of this Prospectus and will be allotted or issued on the terms and conditions on which the Consultant Options are issued and, in any event, not more than 10 days after the receipt of a properly executed notice of exercise of Consultant Options and application moneys in respect of the exercise of the Consultant Options.

1.8 Overseas Investors

This Prospectus does not constitute an offer in any place where or to any person to whom it would not be lawful to make such an offer. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

1.9 Closing Date

The Closing Date for applying for Consultant Options pursuant to this Prospectus will be 5:00pm WST on 9 December 2005.

Application Forms should be submitted as soon as possible however they must be received prior to midnight on the Closing Date. The Company reserves the right to vary the Closing Date without prior notice. The Company also reserves the right not to proceed with the Issue at any time prior to the granting of the Consultant Options.

1.10 Underwriting

The offer of Consultant Options pursuant to this Prospectus is not underwritten.

Section 2 EFFECT OF THE ISSUE ON THE COMPANY

2.1 Principal Effects

If the maximum number of Consultant Options are granted, the principal effect on the Company is that it will grant a total of 3,000,000 Consultant Options. The total number of Options on issue will increase from 10,537,000 to 13,537,000. The total percentage of unexercised Options over issued Shares in the Company will be 36.7% of the presently issued capital. No funds will be received by the Company for the issue of the Consultant Options.

The market price of the Company's Shares during the period of the Consultant Options will normally determine whether or not the holder exercises the Consultant Options. At the time any Consultant Options are exercised, and Shares issued pursuant to the exercise of the Consultant Options, the Company's Shares may be trading on the ASX at a price which is higher or lower than the exercise price of the Consultant Options.

2.2 Statement of Financial Position and Capital Structure

Statement of Financial Position

The audited statement of financial position of the Company as at 30 June 2005 is not affected by the grant of Consultant Options to the Consultants.

Capital Structure of the Company

At the date of this Prospectus, the Company has 36,914,500 Shares on issue, of which 25,722,000 are quoted on the ASX and the NZSE and 11,192,500 are restricted securities.

In addition, at the date of this Prospectus the Company has the following Options on issue:

Options	Number
Options quoted on the ASX and the NZSE (exercisable at \$0.20 each, expiring 31 July 2006)	9,987,500
Non-quoted Options (exercisable at \$0.30 each, expiring 31 December 2006)	550,000
Total	10,537,500

Upon completion of the Issue, assuming all Consultant Options are applied for, the total number of Options on issue will be 13,537,000, of which 9,987,500 will be quoted and 3,550,000 will be non-quoted.

Section 3 RISK FACTORS

3.1 Introduction

This Section identifies areas the Directors regard as major risks associated with an investment in the Company. Investors should be aware that an investment in the Company involves many risks, which may be higher than the risks associated with an investment in other companies. Intending investors should read the whole of this Prospectus, the Company's ASX announcements and its website in order to fully appreciate such matters and the manner in which the Company intends to operate before any decision is made to apply for Consultant Options.

There are numerous widespread risks associated with investing in any form of business and with investing in the share market generally. There is also a range of specific risks associated with the Company's business and its involvement in the exploration and mining industry. These risk factors are largely beyond the control of the Company and its directors because of the nature of the proposed business of the Company. The following summary, which is not exhaustive, represents some of the major risk factors of which potential investors need to be aware.

3.2 General Risk Factors

(a) Summary of Key Risks

The future viability and profitability of the Company as an exploration and mining company will be dependent on a number of factors, including, but not limited to, the following:

- commodity prices and exchange rates which are constantly changing;
- risks inherent in exploration and mining including, among other things, successful exploration and identification of ore reserves, satisfactory performance of mining operations and competent management;
- risks associated with obtaining the grant of any or all of the Company's mining tenements or permits which are applications or renewal of tenements upon expiry of their current term including the grant of subsequent titles where applied for over the same ground;
- risks arising because of native title and aboriginal land rights and the rights of other indigenous groups in jurisdictions in which the Company operates which may affect the Company's ability to gain access to prospective exploration areas and to obtain production titles for mining if exploration is successful. Compensatory obligations may be necessary in settling indigenous title claims lodged over any of the tenements held or acquired by the Company. The level of impact of these matters will depend, in part, on the location and status of the tenements acquired by the Company;
- the risk of material adverse changes in the government policies or legislation of Australia and New Zealand affecting the level and practicality of mining and exploration activities;

- environmental management issues with which the Company may be required to comply from time to time. There are very substantive legislative and regulatory regimes with which the Company would be required to comply in any mining development;
- poor weather conditions over a prolonged period which might adversely affect mining and exploration activities and the timing of earning revenues;
- unforeseen major failures, breakdowns or repairs required to key items of mining plant and equipment or mine structure resulting in significant delays, notwithstanding regular programs of repair, maintenance and upkeep;
- the availability of quality contractors and equipment for exploration, mining, corporate and administration functions in the current boom environment and the cost of engaging the same; and
- the risks associated with being able to negotiate access to land to conduct prospecting, exploration and mining which in New Zealand, in particular, is time and capital consuming and not guaranteed of success.

(b) **Investment Risks**

Investors should regard the Consultant Options to be issued pursuant to this Prospectus as speculative because of the nature of the Company's business. The Directors have identified factors that they believe are likely to affect the Company and the value of its securities, as presented below. However, this is not an exhaustive list and investors should seek professional advice for further clarification of the risks involved before deciding whether to apply for the Consultant Options offered for subscription in this Prospectus.

(c) **Valuation of Tenements**

The Company makes no representation in this Prospectus with regards to a valuation of the tenements or permits or applications. Intending investors and their advisors should make their own assessment as to the value of the Company's tenements.

(d) **Exploration and Mining**

Mining and exploration are high risk endeavours with the potential for high returns.

Exploration for gold and minerals is costly and involves exacting techniques which must be applied over extended periods of time. All of the Company's projects are at an exploration stage and the Company cannot foresee whether the planned exploration programmes will generate positive results. Furthermore, there is no guarantee that the Company's exploration activities will succeed in the discovery of a commercially viable ore deposit.

Mining risks include the uncertainties associated with projected continuity of an ore deposit, fluctuations in grades and values of the product being mined, and unforeseen operational and technical problems.

Exploration and mining may be adversely affected or hampered by a variety of non-technical issues such as limitations on activities due to seasonal changes, industrial disputes, land claims, heritage and environmental legislation, mining legislation, legislation and consents related to land access for prospecting, exploration and mining and many other factors beyond the control of the Company, including many of which are partly or wholly unforeseeable.

The cost of maintaining exploration and mining properties, which depends on the Company having access to sufficient development capital, poses another form of risk.

If exploration or mining programmes prove to be unsuccessful or are unable to be conducted for any reason, this could result in a diminution of the value of the tenements which could have a negative impact on the Company's share price. In the event that programmes yield negative results, tenements may be relinquished either in total or in part thereof and/or the Company may withdraw from a joint venture or not exercise its option to acquire equity, even though a viable mineral deposit may be present.

The Company may also be exposed to risks associated with the financial failure or default by a participant in any of the joint ventures or other contractual relationships to which the Company is, or may become, a party.

(e) **Native Title and Land Access**

The Company has projects in Western Australia and New Zealand where exploration and mining on its tenements are subject to their regulatory regimes and stakeholders' interests. These include in the case of Western Australian tenements, the Western Australian Mining Act and the Commonwealth Government Native Title Act; and in the case of New Zealand, the Crown Minerals Act, the Resource Management Act, the Conservation Act (1987), the interests of the Maori groups, landowners within the Company's prospects, joint venture partner interests and the relevant environmental legislation. Permission may possibly have to be sought from the Overseas Investment Commission to purchase land in the event of mining in New Zealand.

Australia

The Company's activities in Australia are subject to the *Native Title Act*, and its interpretation. Uncertainty associated with native title issues may impact on the Company's future plans.

New Zealand

The Company has access to its New Zealand prospecting targets through its prospecting permit titles. The prospecting permits have a term of two years and an application can be made to Crown Minerals to seek renewal of the permits for a further two years.

Drilling and mining are subject to a resource consent under the *Resource Management Act 1991*. The Act specifies matters which must be taken into account in such consents. These matters include the relationship of Maori, the indigenous people of New Zealand, with their ancestral lands, water, sites and other taonga (treasured possessions). As a consequence, the ability to establish and maintain good working

relationships with the local iwi (tribes) in the area of exploration or mining activity is very important.

The purpose of the Act is to promote "sustainable management" of natural and physical resources of New Zealand and this aspect is a critical consideration where applications for permits under the *Crown Minerals Act 1991* are concerned.

Resource consents are administered by regional councils, in the case of water and air, and district councils, in the case of land use matters. Such consents may be granted for a fixed term. As such they may not always accord with the terms of a mining or exploration permit and may require renewal based on further negotiation. Conditions of grant may change on renewal.

The right for the Company to have access to privately owned land, for drilling and mining, must be negotiated with the landowner and the occupier of the land under the land access provisions of the Crown Minerals Act. If agreement cannot be reached, the Company may apply to the relevant government Minister to appoint an arbitrator, which the Minister may do if he determines there are sufficient public interest grounds.

Access to land which is specifically owned by Maori people under title requires the owners' consent for all forms of prospecting, drilling and mining.

Access to Crown Land for all forms of prospecting, drilling and mining must be negotiated with the responsible Minister. In some cases Crown Land, or Crown Land which has been sold to private citizens may become subject to Maori claims, pursuant to the Treaty of Waitangi. If successful such claims could result in the resumption of the land for a Maori claimant, though the Company believes that compensation would generally be payable to those affected, in such cases.

Consents are generally granted for a fixed term and may require renewal during the term of an exploration or mining privilege, which means reapplying for the relevant consent. There is always the risk that as an outcome of any such "consenting process" the activity may be denied consent, or as an outcome of the "re-consenting process" the relevant consenting authority deny consent renewal or impose different conditions.

Any areas which are Department of Conservation ("**DoC**") administered Crown land would require the agreement of DoC before any prospecting or other forms of exploration could occur, and before the grant of exploration or mining permits.

DoC administered crown land is governed by the Conservation Act (1987). There are various categories of conservation land from high level Specially Protected Areas through to Marginal Strips, and Stewardship Areas. Stewardship Areas may be sold under some circumstances subject to Ministerial approval and a public process.

There has been in general, good cooperation with local landholders for surface prospecting to be undertaken in the areas prospected to date.

Drilling or mining is subject to the provisions of the Resource Management Act 1991 and the Crown Minerals Act 1991 which require exploration or mining companies to have the consent of and to enter into access agreements with relevant stakeholders

including landowners and land occupiers, third party owners of non-precious minerals and consultation with Maori before undertaking such activities.

In June 2005, the Company entered into a joint venture (“Hazelbrook Joint Venture”) with a New Zealand based company, Emerald Mining Limited. As part of the joint venture negotiations, the Joint Venture has entered into land access agreements with a related company of Emerald Mining, Emerald Farming (2002) Limited under which Emerald Farming consents to the Hazelbrook Joint Venture undertaking drilling and mining on its property which covers the Backyard prospect.

Negotiations have also commenced with other landowners in other parts of the large Hazelbrook Project area. An access agreement has recently been concluded with the landowner and occupier of the west part of the Toolshed anomaly.

Such agreements usually involve the payment of royalties and annual payments and a farm lease or buyout in the case of development which may require the approval of the New Zealand Overseas Investment Commission.

At the Company’s Rockville Project on the South Island, similar access agreements would be required before any drilling or mining can commence on the Company’s Prospecting Permit.

Freehold farmland is subject to any possible future claim under the Treaty of Waitangi, though the Company believes that this may be a rare occurrence and in that event the Company expects that compensation would be payable.

To date there has been generally good cooperation from local landowners and occupiers and the Department of Conservation for low impact surface prospecting to be conducted at Rockville.

Access to the Company’s Lanigan’s Project located to the south of the Hazelbrook Project has not been possible as the central part of the area lies within a Department of Conservation area. The Company’s approach is to consult with the DoC and affected Maori groups before considering prospecting within the area, as it is important to respect both the cultural and environmental aspects given that this is a conservation area.

It is important to appreciate that the consent process is a time and capital consuming process. In addition, the current boom conditions prevailing throughout the Australasian mining industry have resulted in a shortage of experienced geological, land access and other industry personnel.

(f) **Aboriginal Sites of Significance**

Commonwealth and State Legislation in Australia allow for the protection of sites of significance to Aboriginal custom and tradition. The Company proposes to carry out “clearance surveys” where appropriate prior to conducting any exploration work that would cause a disturbance to the land surface.

The Company’s Australian tenements are likely to contain some such sites of significance which would need to be avoided when carrying out field programmes. It

is possible that such areas where sacred sites exist may contain mineralisation or an economic resource which would therefore remain unexploited.

In August 2005, the Company and representatives of native title claimants, Yamatji Marlpa Barna Baba Aboriginal Corporation completed a heritage clearance survey at the Company's joint ventured Weebacarry Project in the Murchison Province south of Meekatharra. Results of the survey are awaited before a 4,000 metre RAB drilling program is commenced. It is not expected that there will be any issues arising from the survey that will preclude drilling from starting, with the program scheduled to commence in December 2005 or January 2006. The program is planned to be conducted in a responsible manner that respects traditional sites, and the environment.

(g) **Environmental Risk**

The Company's projects are subject to Australian and New Zealand laws and regulations regarding environmental matters, which means there are potential liability risks. The Company proposes to operate fully in accordance with applicable laws and conduct its programmes in a responsible manner with regard to the environment.

(h) **Development Capital**

Exploration and mining costs will reduce the cash reserves of the Company, which may not be replaced through any future mining operations, should these prove unsuccessful or perform below acceptable base levels. The Company would then be dependent on seeking development capital elsewhere, through equity, debt or joint venture financing, to support long term exploration and evaluation of its projects and its ability to do so would depend on a variety of circumstances including the Company's projects, commodity prices, and the share market.

(i) **Sharemarket Conditions**

The price of the Company's Shares and Options, when quoted on the ASX, will be influenced by international and domestic factors. Should these produce a negative effect on the Share and Option price, this may also affect the Company's ability to raise development capital.

(j) **Commodity Price and Demand, and Exchange Rates**

Aurora's projects were principally selected on the basis of their prospectivity for gold as perceived by the Company. Therefore it would be reasonable to expect that Aurora's market appeal, and in the event it produces gold its revenues, will be affected by the price of gold. Gold prices fluctuate widely and are affected by numerous industry factors beyond the Company's control. These factors may include the demand for precious metals, forward selling by producers, central bank sales and purchases of gold and production cost levels in major gold producing regions. Moreover, gold prices are also affected by macro economic factors such as expectations regarding inflation, interest rates, currency exchange rates and global and regional demand and political and economic factors. Over time the Company's project interests may extend to other commodities and carry with them the risks associated with fluctuations in the price of such commodities. A significant amount of Aurora's planned supplies of goods and services are denominated in New Zealand dollars, such as fuel, geochemical

sampling and assay costs and the costs of New Zealand expertise. As a result, the Australian Dollar/New Zealand Dollar exchange rates may affect the Company's exploration costs in New Zealand. Exchange rate fluctuations may have a material impact on Aurora's cash flow.

(k) **General Economic Factors and Investment Risks**

General economic conditions may affect inflation and interest rates, which in turn may impact upon the Company's operating costs and financing. Other factors that may adversely affect the Company's activities in Australia or overseas include changes in government policies, natural disasters, industrial disputes, and social unrest or war on a local or global scale.

(l) **Unforeseeable Risks**

There are likely to be numerous unforeseeable risks which the Directors and the Company and its advisors are unaware or do not fully appreciate at any point in time. Over time or with the benefit of hindsight these sometimes become apparent. Such risks may be related to legislation, regulation, business conditions, land access, conflicts and disputes at a local or international level, miscalculations or misinterpretations of data and a variety of other unforeseen eventualities.

One way to partly mitigate such risks would be to employ a team of consultants to study such risks full time however this is not practical for most junior companies.

3.3 **Speculative Nature of Investment**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Consultant Options offered under this Prospectus.

Therefore, the Consultant Options to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of the Shares to be issued pursuant to the exercise of the Consultant Options.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Consultant Options in the Company.

Section 4 ADDITIONAL INFORMATION

4.1 Legal Framework of This Prospectus

The Company is a "disclosing entity" under the Corporations Act and is subject to the regime of continuous disclosure and periodic reporting requirements. Specifically as a listed company, the Company is subject to the Listing Rules which require continuous disclosure to the market of any information possessed by the Company which a reasonable person would expect to have a material effect on the price or value of its Shares.

4.2 Applicability of Corporations Act

As a "disclosing entity", the Company has issued this Prospectus in accordance with section 713 of the Corporations Act applicable to prospectuses for an offer of options to acquire securities which are quoted securities and the securities are in a class of securities or underlie a class of securities that were quoted securities at all times in the 12 months before the issue of this Prospectus.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the provisions of the Listing Rules as in force from time to time which apply to disclosing entities, and which require the Company to notify ASIC of information available to the stock market conducted by the ASX, throughout the 12 months before the issue of this Prospectus.

The ASX maintains files containing publicly disclosed information about all listed companies. The Company's file is available for inspection at the ASX in Perth during normal working hours. In addition, copies of documents lodged by, or in relation to, the Company with ASIC may be obtained from, or inspected at, any regional office of ASIC.

The Shares underlying the Consultant Options to be issued under this Prospectus are in a class of shares that were quoted on the stock market of the ASX at all times in the 12 months before the issue of this Prospectus.

4.3 Information Available to Shareholders

The Company will provide a copy of each of the following documents, free of charge, to the Consultant who so requests prior to the issue of the Consultant Options pursuant to this Prospectus:

- (a) the Financial Report for the Company for the year ending 30 June 2005 (being the last financial report for a financial year to be lodged with the ASIC in relation to the Company before the issue of this Prospectus); and
- (b) any continuous disclosure notices given by the Company to the ASX during the period after lodgement of the Financial Report of the Company for the year ending 30 June 2005 and before the issue of this Prospectus, as set out below:

Lodgement Date	Headline/Description of Announcement
25 /11/2005	Rockville Surface Soil Sample Results
25 /11/2005	Hazelbrook Surface Soil Sample Results
15/11/2005	Drilling at Western Australian Tenements
14/11/2005	Roadshow Presentation November 2005
31/10/2005	First Quarter Cashflow Report
31/10/2005	First Quarter Activities Report
27/10/2005	2005 Annual Report
27/10/2005	Notice of Annual General Meeting
21/10/2005	Notice pursuant to Section 708A(5)(E)
21/10/2005	Appendix 3B: Allotment of 3.2M shares pursuant to placement
21/10/2005	More results from the Hazelbrook Joint Venture Project
19/10/2005	Placement
17/10/2005	Trading Halt
11/10/2005	To commence drilling at Ryansville
10/10/2005	Date of Annual General Meeting
05/10/2005	Becoming a substantial holder
05/10/2005	Change of director's interest notice

4.4 **Terms and Conditions of Consultant Options**

The Consultant Options will entitle the holders 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 payment of an exercise price of the closing market price at the issue date of the options plus 10% per share ("the Exercise Price").

(c) Vesting date

The Consultant Options will vest on the date that is 6 months after their date of issue ("Vesting Date") and cannot be exercised prior to the Vesting Date.

(d) Expiry date

The Consultant Options shall expire at 5:00 pm Western Australian time on the date that is 3 years after their date of issue ("Expiry Date").

(e) 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.

(f) Consultant Options not listed

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

(g) Consultant Options not transferable

Subject to the Listing Rules of the ASX, the Consultant Options are not transferable without the approval of the Directors.

(h) Exercise

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 Vesting Date and the Expiry Date (“the Exercise Period”).

Within 10 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.

(i) 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.

(j) Reorganisations

In the event of any reorganization of the issued capital of the Company, the Consultant Options will be reorganized in accordance with 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:

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

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 or death of the optionholder.

- (i) In the event of the optionholder ceasing to be engaged by the Company, or any of its subsidiaries, any Consultant Options held by the optionholder must (subject to clause (m)(iii) hereof) be exercised within 1 month of such services ceasing to be engaged by the Company.
- (ii) In the event of the death of the optionholder whilst he/she or his company is engaged by the Company or any of its subsidiaries, then any Consultant Options held in the name of the optionholder must (subject to the clause (m)(iii) hereof) be exercised within 3 months of such death by the deceased optionholder's legal personal representative.
- (iii) In the event of non exercise of the Consultant Options in the circumstances referred to in clauses (m)(i) and (m)(ii) above within the specified periods, the Consultant Options shall forthwith lapse and have no further effect unless otherwise determined by the board of the Company.

4.5 **Rights Attaching to Shares issued Pursuant to Exercise of Consultant Options**

The Shares underlying the Consultant Options to be issued pursuant to this Prospectus will rank equally in all respects with existing Shares in the Company.

The Company has one class of shares on issue, being fully paid ordinary shares in the capital of the Company.

The rights attaching to Shares in the Company are:

- set out in the Constitution of the Company, a copy of which is available for inspection during normal business hours at the registered business office of the Company; and
- in certain circumstances, regulated by the Corporations Act, the Listing Rules, the ASTC Settlement Rules and the general law.

The following is a broad summary (though not necessarily an exhaustive or definitive statement) of the rights attaching to Shares in the Company as set out in the Constitution.

(a) Voting Rights

Every holder of shares present in person or by proxy, attorney or representative at a meeting of shareholders has one vote on a vote taken by a show of hands, and, on a poll every holder of shares who is present in person or by proxy, attorney or representative has one vote for every fully paid share held by him or her, and a proportionate vote for every partly paid share, registered in such shareholder's name on the Company's share register.

A poll may be demanded by the chairperson of the meeting, by any 5 shareholders present in person or by proxy, attorney or representative, or by any one or more shareholders who are together entitled to not less than 5% of the total voting rights of, or paid up value of, the shares of all those shareholders having the right to vote at that meeting.

(b) Dividend Rights

Dividends are payable out of the Company's profits and are declared by the Directors.

(c) Transfer of Shares

A shareholder may transfer shares by a market transfer in accordance with any computerised or electronic system established or recognised by the ASX or the Corporations Act for the purpose of facilitating transfers in shares or by an instrument in writing in a form approved by the ASX or in any other usual form or in any form approved by the Directors.

The Directors of the Company may refuse to register any transfer of shares, other than a market transfer, where the Company is permitted or required to do so by the Listing Rules or ASTC Settlement Rules. The Company must not prevent, deal or interfere with the registration of a proper ASTC transfer in a manner which is contrary to the provisions of any of the Listing Rules or the ASTC Settlement Rules.

(d) Future Issues

Subject to the Listing Rules the Directors have the right to grant to any person options or other securities with rights of conversion to shares or pre-emptive rights to any shares for any consideration and for any stock.

(e) Variation of Rights

If at any time the share capital is divided into different classes of shares, the rights attached to any class may (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, be varied or abrogated in any way with the consent in writing of the holders of three quarters of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. Any variation is subject to section 246B and 246E of the Corporations Act.

(f) Liquidation Rights

The Company has only issued one class of shares, which all rank equally in the event of liquidation. Once all the liabilities of the Company are satisfied, a liquidator may, with the authority of a special resolution of shareholders divide the whole or any part of the remaining assets of the Company. The liquidator can with the sanction of a special resolution of the Company's shareholders vest the whole or any part of the assets in trust for the benefit of shareholders as the liquidator thinks fit, but no shareholder of the Company can be compelled to accept any shares or other securities in respect of which there is any liability.

(g) Meetings and Notice

Each shareholder is entitled to receive notice of and to attend general meetings for the Company and to receive all notices, accounts and other documents required to be sent to shareholders under the Constitution of the Company, the Corporations Act or the Listing Rules.

(h) Shareholder Liability

Any sum unpaid on a Share must be paid on the date on which it is payable under the terms of the issue of that Share.

Subject to compliance with the requirements of the Corporations Act, the Listing Rules and the original terms of issue of the Shares, the Directors may make calls upon the member in respect of any money unpaid on their Shares, make a call payable by instalments and revoke or postpone a call before the due date for payment. While the Company is a listed company, calls must be made in accordance with the Listing Rules. The Company must give a member on whom a call has been made written notice of the call within the time limits and in the form required by the Listing Rules. If a call is not paid before or on the day specified for payment, the Directors may require the member liable for the call to pay interest on the sum from and including the day for payment to the time of actual payment at the rate, not exceeding 20% per annum, determined by the Directors.

4.6 Interest of Directors

- (a) At the date of this Prospectus the relevant interest of each of the Directors in the Shares and Options of the Company are as follows:

<i>Director</i>	<i>No of Shares Held Directly</i>	<i>No of Shares Held Indirectly</i>	<i>No of Options</i>	<i>Total</i>
Philip Jackson	2,550,000 ¹	Nil	-	2,550,000
Robert Taylor	-	3,350,000 ^{2,3}	125,000	3,475,000
Garry O'Hara	3,540,000 ⁴	Nil	220,000	3,760,000

Notes:

- 1,525,000 of these Shares are escrowed for 24 months from 15 June 2004.*
 - 3,050,000 of these Shares are escrowed for 24 months from 15 June 2004.*
 - These Shares are held by Mr Taylor as trustee for the Pelican Trust of which Mr Taylor is a beneficiary.*
 - 3,050,000 of these Shares are escrowed for 24 months from 15 June 2004.*
- (b) Except as disclosed in this Prospectus, no director (whether individually or in consequence of a Director's association with any company or firm or in any material contract entered into by the Company) or proposed director has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:
- the formation or promotion of the Company; or
 - property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Issue; or
 - the Issue.
- (c) Except as disclosed below and elsewhere in this Prospectus, no amounts of any kind (whether in cash, Shares, Options or otherwise) have been paid or agreed to be paid to any Director or to any company or firm with which a Director is associated to induce him to become, or to qualify as, a Director, or otherwise for services rendered by him or his company or firm with which the Director is associated in connection with the formation or promotion of the Company or the Issue.

Over the last two years, no remuneration was paid or was payable to the Directors of the Company, except as noted below:

Year Ended 30 June 2005	Base Emolument	Other	Superannuation	Consulting Fees	Options
	\$	\$	\$	\$	\$
Phillip Jackson	-	-	-	24,000 ¹	-
Robert Taylor	-	-	-	96,000 ²	-
Garry O'Hara	-	-	-	96,000 ³	-

Notes:

1. These consultancy fees were paid to Holihox Pty Ltd, a company of which Phillip Jackson is the sole director and shareholder.
2. These consultancy fees were paid to Able Kids Pty Ltd, a company of which Robert Taylor is a director and shareholder.
3. These consultancy fees were paid to Anketell Pty Ltd, a company of which Garry O'Hara is the sole director and shareholder.

Year Ended 30 June 2004	Base Emolument	Other	Superannuation	Consulting Fees	Options
	\$	\$	\$	\$	\$
Phillip Jackson	-	-	-	2,000 ¹	-
Robert Taylor	-	-	-	8,000 ²	-
Garry O'Hara	-	-	-	8,000 ³	-

1. These consultancy fees were paid to Holihox Pty Ltd, a company of which Phillip Jackson is the sole director and shareholder.
2. These consultancy fees were paid to Able Kids Pty Ltd, a company of which Robert Taylor is a director and shareholder.
3. These consultancy fees were paid to Anketell Pty Ltd, a company of which Garry O'Hara is the sole director and shareholder.

The consultancy fees paid during each of the financial years ending 30 June 2004 and 2005 respectively, detailed above, were paid pursuant to the following consulting agreements:

- the Company entered into a consulting agreement with Holihox Pty Ltd (ACN 009 262 346) ("**Holihox**") on 26 March 2004. Pursuant to this agreement, Holihox was engaged as a consultant to the Company commencing from the date the Company's securities were admitted to the Official List of ASX. The Company may terminate this agreement for any reason by providing 12 months written notice. Holihox may terminate the agreement for any reason by providing 2 months written notice. The Company must pay consulting fees of \$24,000 per annum to Holihox;
- the Company entered into a consulting agreement with Able Kids Pty Ltd (ACN 086 812 400) ("**Able**") on 26 March 2004. Pursuant to this agreement, Able was engaged as a consultant to the Company commencing from the date the Company's securities were admitted to the Official List of ASX. The Company may terminate this agreement for any reason by providing 12 months written notice. Able may terminate the agreement for any reason by providing 2 months written notice. The Company must pay consulting fees of \$96,000 per annum to Able; and
- the Company entered into a consulting agreement with Anketell Pty Ltd (ACN 009 382 290) ("**Anketell**") on 26 March 2004. Pursuant to this agreement, Anketell was engaged as a consultant to the Company commencing from the date the Company's securities were admitted to the Official List of ASX. The Company may terminate this agreement for any reason by providing 12 months written notice. Anketell may terminate the agreement for any reason by providing 2 months written notice. The Company must pay consulting fees of \$96,000 per annum to Anketell.

The Directors are also entitled to be reimbursed for travelling and other expenses which they may properly incur in carrying out their duties and any Director performing extra or special professional services for the Company may be remunerated for those services.

4.7 **Interests of Named Persons**

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Issue; or
- the Issue.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, Options or otherwise) have been paid or agreed to be paid to any expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, or to any firm in which any of those persons is or was associated with, for services rendered by that person in connection with the formation or promotion of the Company or the Issue under this Prospectus.

Blakiston & Crabb have acted as the Australian solicitors to the Company in relation to this Prospectus. In respect of this work, the Company will pay approximately \$8,400 (plus GST) for these services. Blakiston & Crabb have provided other professional services to the Company during the last two years totalling approximately \$41,403 (plus GST).

Grant Thornton are the auditors to the Company. They have provided audit services to the Company during the last two years totalling approximately \$17,500 (plus GST).

4.8 Share Trading History

The highest and lowest closing market sale prices of Shares on ASX during the 3 months immediately preceding the date of this Prospectus and the respective dates of those sales were \$0.31 on 20 October 2005, and \$0.24 on 16 September 2005. The latest available market sale price of Shares on the ASX immediately before the date of issue of this Prospectus was \$0.28 on 1 December 2005.

4.9 Expenses of the Issue

The approximate expenses of the Issue including ASIC fees, advisers' fees, printing and distribution costs and other miscellaneous expenses, is \$10,500 which has been paid or is payable by the Company.

4.10 Consents

Each of the parties referred to in this Section 4.10:

- does not make, or purport to make, any statement in this Prospectus or on which a statement made in the Prospectus is based, other than as specified in this Section 4.10; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section 4.10.

Grant Thornton has given its written consent to the inclusion in this Prospectus of the reference to the audited statement of financial position of the Company as at 30 June 2005 in the form and context in which it appears and has not withdrawn such consent before lodgement of this Prospectus with ASIC.

Each of the following has consented to being named in this Prospectus in the capacity as noted below and have not withdrawn such consent prior to the lodgement of this Prospectus with the ASIC:

- (a) Blakiston & Crabb as the Australian solicitors to the Company;
- (b) Grant Thornton as the auditors of the Company; and
- (c) Computershare Investor Services Pty Ltd as share registry of the Company.

There are a number of persons referred to elsewhere in this Prospectus who are not experts and who have not made statements included in this Prospectus nor are there any statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in the Prospectus and did not authorise or cause the issue of this Prospectus.

4.11 **Litigation**

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

4.12 **Privacy Disclosure Statement**

The Company collects information about each person who applies for Consultant Options under this Prospectus from an Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information in the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers, (including mailing houses), the ASX, ASIC and other regulatory authorities.

If an Applicant becomes a security holder of the Company, the Corporations Act requires the Company to include information about the security holder (name, address and details of the securities held) in its public register. This information must remain in the register even if that person ceases to be a security holder of the Company. Information contained in the Company's registers is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your application for Consultant Options.

Section 5 DIRECTORS' RESPONSIBILITY STATEMENT & CONSENT

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect to any other statements made in the Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with ASIC, or to the Directors knowledge, before any issue of Consultant Options pursuant to this Prospectus.

The Prospectus is prepared on the basis that certain matters may be reasonably expected to be known to likely investors or their professional advisers.

Each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

Dated: 2 December 2005

Garry O'Hara
Director

Section 6 DEFINED TERMS

"ASIC" means the Australian Securities & Investments Commission;

"ASX" means Australian Stock Exchange Limited;

"Application Form" means the application form for Consultant Options accompanying this Prospectus and "Applicant" and "Application" have comparative meanings;

"Board" means the board of Directors from time to time;

"Business Day" means every day other than a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that the ASX declares is not a business day;

"Closing Date" means 9 December 2005;

"Company" or "Aurora" means Aurora Minerals Limited ACN 106 304 787;

"Consultant" means each of the parties (or their respective nominees) described in Table 1 of Section 1.1 of this Prospectus;

"Consultant Options" means the Options to be issued for nil consideration to Consultants, with each Option giving the holder the right to subscribe for one Share in the Company at an exercise price calculated on the basis of the closing market price for the Shares as at the date of issue of the Consultant Options, plus 10%, and with an expiry date being 3 years from the date of issue and otherwise on the terms and conditions set out in Section 4.4 of this Prospectus;

"Corporations Act" means the Corporations Act 2001 (Cth) as amended from time to time;

"Directors" means the directors of the Company;

"Issue" means the issue of Consultant Options pursuant to this Prospectus;

"Listing Rules" means the Listing Rules of ASX;

"NZSE" means the New Zealand Stock Exchange;

"Option" means an option to acquire one Share;

"Prospectus" means this prospectus dated 2 December 2005;

"Section" means a section of this Prospectus;

"Share" means an ordinary fully paid share in the capital of the Company; and

"WST" means Australian Western Standard Time.

Guide to the Aurora Minerals Limited Application Form

This Application Form relates to the Offer of 3,000,000 free Consultant Options in Aurora Minerals Limited pursuant to the Prospectus dated 2 December 2005. The expiry date of the Prospectus is the date which is 13 months after the date of the Prospectus. The Prospectus contains information about investing in the Consultant Options of the Company and it is advisable to read this document before applying for Consultant Options. A person who gives another person access to this Application Form must at the same time and by the same means give the other person access to the Prospectus, and any supplementary prospectus (if applicable). While the Prospectus is current, the Company will send paper copies of the Prospectus, and any supplementary prospectus (if applicable), and an Application Form, on request and without charge.

Please complete all relevant sections of the Application Form using BLOCK LETTERS. These instructions are cross referenced to each section of the Application Form. Further particulars and the correct forms of registrable titles to use on the Application Form are contained below.

- A** Insert the number of Consultant Options you wish to apply for. The Application must not exceed your allocation.
- B** Write the full name you wish to appear on the statement of option holdings. This must be either your own name or the name of the company. You should refer to the table below for the correct forms of registrable title. Applicants using the wrong form of title may be rejected
- C** Enter your Tax File Number (TFN) or exemption category. Collection of TFN(s) is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application.
- D** Please enter your postal address for all correspondence. All communications to you from the share registry will be mailed to the person(s) and address as shown.
- E** Please enter your telephone number(s), area code, email address and contact name in case we need to contact you in relation to your Application.
- F** Before completing the Application Form, the Applicant(s) should read the Prospectus to which the Application relates. By lodging the Application Form, the Applicant(s) agrees that this Application is for Consultant Options in the Company upon and subject to the terms of this Prospectus, agrees to take any number of Consultant Options equal to or less than the number of Consultant Options indicated in Section A that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

G **Correct form of Registrable Title**

Note that only legal entities are allowed to hold Consultant Options. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable title may be included by way of an account designation if completed exactly as described in the example of correct forms of registrable title below:

H **Type of investor**

	Correct form of Registrable Title	Incorrect form of Registrable Title
Individual Use names in full, no initials	Mr John Alfred Smith	JA Smith
Minor (a person under the age of 18) Use the name of a responsible adult, do not use the name of a minor.	John Alfred Smith <Peter Smith>	Peter Smith
Company Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts Use trustee(s) personal name(s), do not use the name of the trust	Mrs Sue Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates Use executor(s) personal name(s), do not use the name of the deceased	Ms Jane Smith <Est John Smith A/C>	Estate of late John Smith
Partnerships Use partners personal names, do not use the name of the partnership	Mr John Smith and Mr Michael Smith <John Smith and Son A/C>	John Smith and Son

Lodgement of Applications

Return your completed Application Form to:

By Post to:
Aurora Minerals Limited
PO BOX 1921
WEST PERTH WA 6872

Or by fax to:
Aurora Minerals Limited
Fax No: 61 8 9322 5879

Or delivered to:
Aurora Minerals Limited
Level 2
33 Colin Street
West Perth WA 6005

Application Forms must be received no later than 5pm WST time on 9 December 2005.