

Aura Energy (ASX: AEE)

Aura Energy (AEE) is a uranium explorer with advanced projects in Sweden, West Africa and Australia. The company is focusing on two main projects: the Häggån Project located in Sweden's Alum Shale Province, one of the largest depositories of uranium in the world; and the highly prospective Reguibat Province in Mauritania. The company aims to create shareholder value by rapidly establishing resources and then completing feasibility studies on these two projects. Aura Energy is headquartered in Melbourne, Australia and has been listed on the ASX since May 2006.

Market cap:	A \$60m (45c)
Cash position:	\$6.4 million
Shares:	132.1 million
Options:	7.2 million

Main shareholders

USB Nominees	6.5%
Drake Resources Ltd	4.8%
Board and Management	3.7%



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HIGHLIGHTS

Häggån Project, Sweden

- Resource upgrade in current northern winter (current resource of 291 million pounds of uranium at a grade of 162ppm U₃O₈).
- Next step in bioleach tests commenced after initial results showed significantly higher extraction of Uranium-Molybdenum-Nickel-Zinc has been achieved compared with non-bioleach reference tests.

Kallsedett Uranium Project, Sweden

- Initial five hole programme.
- Targets high grade areas.
- Large outcropping of potential mineralisation.

Mauritania, West Africa

- Resource drilling commenced in Mauritania.
- Acquisition of 100% key permits in balance of joint ventures.
- Aiming for a JORC compliant resource in first half of 2011.

Western Australia

Assay results from Porcupine Well are being analysed.

Corporate

Aura successfully completed a placement and entitlement issue to raise \$4.7 million and a \$ 3.96 million placement. The share register strengthened with new international institutions.

HÄGGÅN PROJECT, SWEDEN (AURA 100%)

The Häggån Project forms part of a large uranium field in Central Sweden on eight granted exploration permits. These permits are on privately held land, in an area where forestry has been carried out for generations. No parks or reserves exist in the project area. Sweden has an active mining industry, with a clear regulatory position and a well established path from exploration to mining permit.

The resource, using a 100ppm U_3O_8 cut-off, gives the Häggån Project a contained uranium content of 291 million pounds. This resource places Häggån within the 10 largest undeveloped uranium resources that are compliant with ASX or TSX requirements. The uranium occurs with molybdenum, nickel, vanadium and zinc in black shales. The shales form a near-continuous sheet throughout the part of the project that Aura has drilled, with thicknesses ranging between 20 and over 250 metres.

The mineralisation extends into the adjoining permits held by Continental Precious Minerals Inc (TSX code: CZQ). That company has previously defined a resource of 1.05 billion pounds in permits adjoining the Häggån Project. Aura is ultimately targeting a resource of similar size, but the drilling used in Aura's resource statement covers only 5% of Aura's permit areas.

Metallurgical Testwork

Aura is undertaking a programme to determine the optimal process route for this giant uranium deposit. The style of mineralisation has been mined and processed for uranium previously by the Swedish government, but for strategic rather than commercial purposes.

Bioleaching

Aura commenced bioleaching testwork with the Parker Cooperative Research Centre for hydrometallurgical research in Perth, Western Australia in late 2009. The first bioleach results announced earlier this year indicated that significantly higher extraction of Uranium-Molybdenum-Nickel- Vanadium-Zinc has been achieved compared with non-bioleach reference tests.

Based on these encouraging results, Aura has asked the Parker CRC to commence in the next step in the testing.

Conventional Leaching

ANSTO has been examining standard acid and alkali-leach options for the Swedish uranium mineralisation. High levels of recovery of uranium up to 93% were obtained from initial bench-scale conventional acid leaching tests on samples. The extractions have been achieved with relatively short leaching times, with the majority of the uranium being removed in less than twelve hours.

During the coming quarter Aura will be continuing the second phase of work at ANSTO, as well as further mineralogical studies, mineral separation studies, and continuing discussions with potential partners.

KALLSEDET URANIUM PROJECT, SWEDEN (AURA 100%)

Subsequent to the end of the quarter Aura has commenced drilling its substantial landholding of uraniferous shale near Kallsedet, close to the Norwegian border in Sweden. This area was identified as a key target and is in line with Aura's strategy to develop a pipeline of uranium projects in Sweden.

The programme comprises five holes in the Olden, Hamburg and Grässlotten permits. Previous Aura fieldwork in the area has identified a number of radiometrically anomalous zones corresponding with the position of the Alum Shale at Kallsedet. The drilling programme aims to obtain complete sections of the shale for assay.

WEST AFRICAN ACTIVITIES

Aura has been active in the uranium provinces of West Africa since 2007. Aura currently holds tenements and joint ventures in Mauritania and three exploration permit applications in the uranium bearing Tim Merso Basin in Niger. Additionally Aura is actively pursuing opportunities in the region.

Mauritania

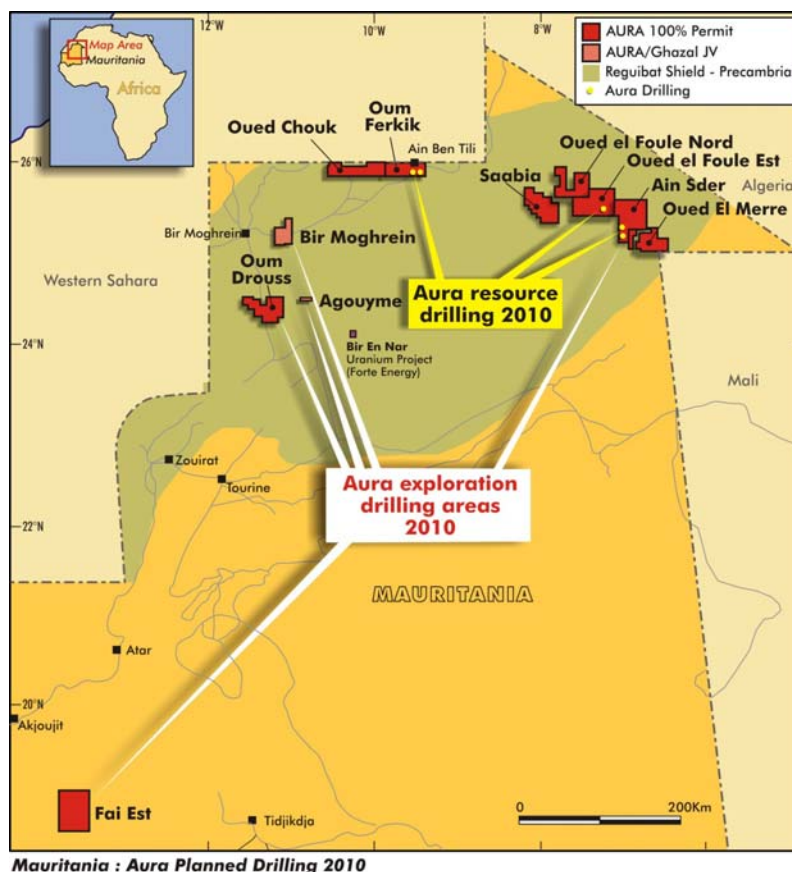
Mauritania has a developed mining industry, a government keen to attract foreign investment, a stable business environment, and extensive good quality geological, geophysical and geochemical databases. It has also been the centre of significant company corporate activity across a range of commodities. Recent uranium discoveries in northern Mauritania suggest that this is an emerging uranium province.

Acquisition of Joint Venture Interests

During the quarter Aura completed the acquisition of the Mauritanian holdings of its former joint venture and alliance partner. Aura's previous equity holdings in the projects were 50%-56%. This purchase provides Aura with 100% ownership and all the upside of the anticipated resource.

This now extends the number of Aura's wholly owned Mauritanian projects to nine and establishes Aura as one of the largest landholders in this exciting new region. In addition it has an additional joint venture over two permits with Ghazal Minerals. The licences cover known uranium mineralisation, in places high grade, and multiple radiometric uranium anomalies.

On three of the previous joint venture permits an exploration target of 40-60 million pounds of U_3O_8 , at an average grade of 300-450ppm was identified. This target is conceptual in nature (the potential quantity and grade of this target is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource).



Drilling Programme Commences

Aura has commenced a 10,000 metres air core drill programme to establish the initial resource for the company's Reguibat Project by mid 2011.

Most of the current drilling programme is designed to further test these areas where drilling earlier in 2010 took place, to obtain sufficient information to estimate a JORC compliant resource for a portion of Aura's exploration target.

The drilling programme will last for two to three months and in addition to the resource drilling is designed to -

- Test several radiometric anomalies that were identified previously and announced to the ASX in October.
 - On permits where drilling has already occurred, Aura has tested less than half of its known radiometric anomalies.
 - In the Ain Sder permit, a new zone some 10 kilometres in length containing radiometric anomalies has been identified. These anomalies may contain additional calcrete-type uranium mineralisation.
- Aura will also drill on its new joint venture permits, Agouyme and Bir Moghreïn, where Aura can earn 70% by funding and managing the exploration. Both permits have strong and extensive uranium anomalies defined by an airborne radiometric survey and follow-up ground surveys. An initial field programme of trenching and sampling, together with ground geophysics, tested only a small proportion of the anomalous areas and successfully identified calcrete type mineralisation in both permits.

WESTERN AUSTRALIA YILGARN CALCRETE PROJECTS

Wondinong (E58/290) and Wondinong NE (E58/349, Aura 100%)

The Wondinong project area covers a broad, sedimentary deltaic environment at the eastern end of Lake Austin where Aura Energy Limited has defined an Inferred Resource of seven million pounds uranium above a lower cut-off grade of 100ppm U_3O_8 compliant under the JORC code.

During the quarter Aura's application process for a mining lease to cover a major part of the Wondinong resource within the central area of E58/290 continued.

Following receipt of the final Aboriginal heritage site clearance, work is continuing on a potential a 72 hole step out drilling program for 2011. The proposed shallow drilling will test for extensions of known uranium mineralisation to the northeast and south of the deposit.

Porcupine Well (E53/1245, Aura 100%)

Assay results were received from a 40 hole shallow aircore program in an area southeast of the Lake Way and Centipede deposits of Toro Energy Limited (23.9 million pounds U_3O_8). The drilling tested an area of calcrete where previous auger sampling returned values of up to 198ppm uranium. Results are encouraging and are being analysed.

CORPORATE

In September the Company announced a placement and an entitlement issue that was completed in October and raised a \$4.7 million. In December the Company raised \$3.96 million in a placement.

Aura was pleased to welcome international investment institutions to its share register, joining Australian institutions and its strong supportive retail base.

The drilling will allow extensive drilling in Mauritania, further metallurgical testwork for Sweden and other exploration activities to continue at a rapid pace.

The information in this report that relates to Exploration Results, Mineral Resources, or Ore Reserves is based on information compiled by Dr Robert Beeson. Dr Robert Beeson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking. This qualifies Dr Beeson as a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Robert Beeson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Dr Beeson is a member of the Australian Institute of Geoscientists.