



AURA ENERGY LIMITED
ABN 62 115 927 681

Interim Financial Report
for the half-year ended 31 December 2010

Note:

The information contained herein should be read in conjunction with the most recent annual report.

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**AURA ENERGY LIMITED
AND CONTROLLED ENTITIES**
ABN 62 115 927 681
INTERIM FINANCIAL REPORT DECEMBER 2010

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2010.

Directors

The names of directors who held office during or since the end of the half-year:

Brett Fraser

Robert Beeson

Simon O'Loughlin

Jay Stephenson

REVIEW OF OPERATIONS

During the half year under the review, the Group continued its exploration of its Projects in Sweden, Mauritania and Australia.

The Group's loss after income tax for the half-year was \$1,408,855 (2009: \$296,045). The result for the half-year was significantly affected by the expenditure of \$499,922 (2009: \$11,552) in respect of exploration expenditure written off or impaired.

The Group's net assets increased during the half-year from \$7,837,542 to \$14,784,088 largely as a result of capital raisings of \$8,199,299 net of costs.

CORPORATE

On 16 September 2010, the Company announced a placement of 12,484,898 Shares at a price of 15 cents per Share to raise \$1,872,735 and a fully underwritten pro rata non renounceable entitlement issue of 1 share for every 5 shares held by Shareholders at an issue price of 15 cents per share to raise \$2,871,526.

On 10 December 2010, the Company announced a placement of 17,229,000 Shares at a price of 23 cents per share to raise \$3,962,670.

EXPLORATION

On 21 July 2010, the Company announced a significant initial resource estimate of 291 million pounds of uranium compliant with the JORC code at its Haagan project in Sweden. (refer to announcement of details of resource).

On 19 August 2010, the Company announced that the first bioleaching tests results were successful in significantly enhancing metal extractions.

On 13 October 2010, the Company announced that it had identified substantial additions to its target areas in Mauritania.

On 14 October 2010, the Company announced that the first metallurgical test results for its Haggan Project in Sweden gave high uranium recoveries of 93% with the first 12 hours of leaching using conventional treatment methods.

On 20 October 2010, the Company increased its strategic position in Mauritania by purchasing the balance of interests in its GCM joint ventures in West Africa with the purchase of GCM Africa Uranium Limited, a company incorporated in the United Kingdom.

On 30 November 2010, the Company began the resource drilling on previously identified mineralisation in Mauritania.

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Auditor's Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 3 for the half year ended 31 December 2010.

This report is signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'B Fraser', with a stylized flourish at the end.

Brett Fraser

DIRECTOR

Dated this 15th Day of March 2011

To The Board of Directors

**Auditor's Independence Declaration under Section 307C of the
Corporations Act 2001**

This declaration is made in connection with our review of the financial report of Aura Energy Limited and Controlled Entities for the half year ended 31 December 2010 and in accordance with the provisions of the Corporations Act 2001.

We declare that, to the best of our knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review;
- no contraventions of the Code of Professional Conduct of the Institute of Chartered Accountants in Australia in relation to the review.

Yours faithfully



BENTLEYS
Chartered Accountants



RANKO MATIĆ CA
Director

DATED at PERTH this 15th day of March 2011

**AURA ENERGY LIMITED
AND CONTROLLED ENTITIES**
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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

	Economic Entity	
	31/12/2010	31/12/2009
	\$	\$
Revenue	44,311	194,242
Accounting and Audit Fees	(31,645)	(13,656)
Share Registry and Listing Fees	(64,000)	(39,565)
Employee Benefits Expense	(253,349)	(237,324)
Share Based Payments Expense	(179,813)	(35,963)
Legal and Consulting Fees	(17,513)	(11,385)
Computers and Software	(22,816)	(15,528)
Travel and Accommodation	(93,365)	(27,488)
Insurance	(28,598)	(13,803)
Depreciation	(25,020)	(27,583)
Impairment of Capitalised Exploration	(499,922)	(11,552)
Business Development	(48,985)	(5,640)
Public Relations	(110,792)	-
Printing and Office Supplies	(14,832)	(12,316)
Rent and Utilities	(16,092)	(16,325)
Other expenses	(46,424)	(22,159)
Profit/(Loss) before income tax	(1,408,855)	(296,045)
Income tax expense	-	-
Profit/(Loss) from continuing operations	(1,408,855)	(296,045)
Other Comprehensive Income		
Foreign currency movement	(23,711)	(6,274)
Other Comprehensive Income for the period	(23,711)	(6,274)
Net Loss and Total Comprehensive income attributable to members of the parent entity	(1,432,566)	(302,319)
Overall Operations:		
Basic earnings per share (cents per share)	(1.44)	(0.41)

The accompanying notes form part of these financial statements.

**AURA ENERGY LIMITED
AND CONTROLLED ENTITIES**
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

	Note	Economic Entity	
		31/12/2010 \$	30/6/2010 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		6,426,452	1,221,825
Trade and other receivables		144,364	89,732
TOTAL CURRENT ASSETS		6,570,816	1,311,557
NON-CURRENT ASSETS			
Property, plant and equipment		36,910	53,327
Other assets		9,098,399	6,697,363
TOTAL NON-CURRENT ASSETS		9,135,309	6,750,690
TOTAL ASSETS		15,706,125	8,062,247
CURRENT LIABILITIES			
Trade and other payables		910,317	207,811
Short term provisions		11,720	16,894
TOTAL CURRENT LIABILITIES		922,037	224,705
TOTAL LIABILITIES		922,037	224,705
NET ASSETS		14,784,088	7,837,542
EQUITY			
Issued capital	5	20,881,164	12,681,865
Reserves		1,016,164	860,062
Accumulated losses		(7,113,240)	(5,704,385)
TOTAL EQUITY		14,784,088	7,837,542

The accompanying notes form part of these financial statements.

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

	Issued Capital	Option Premium Reserve	Foreign Currency Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2009	8,856,865	762,752	(16,769)	(4,222,086)	5,380,762
Loss attributable to members of parent entity				(296,045)	(296,045)
Other comprehensive income			(6,274)		(6,274)
Total Comprehensive Income for the period			(6,274)	(296,045)	(302,319)
Transaction with owners, directly in equity -					
Shares issued during the period	4,000,000			-	4,000,000
Capital raising costs	(175,000)				(175,000)
Options issued during the period		35,963			35,963
Balance at 31 December 2009	12,681,865	798,715	(23,043)	(4,518,131)	8,939,406

	Issued Capital	Option Premium Reserve	Foreign Currency Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2010	12,681,865	859,129	933	(5,704,385)	7,837,542
Loss attributable to members of parent entity				(1,408,855)	(1,408,855)
Other comprehensive income			(23,711)		(23,711)
Total Comprehensive Income for the period			(23,711)	(1,408,855)	(1,432,566)
Transaction with owners, directly in equity -					
Shares issued during the period	8,706,931				8,706,931
Options issued during the period		179,813			179,813
Capital raising costs	(507,632)				(507,632)
Balance at 31 December 2010	20,881,164	1,038,942	(22,778)	(7,113,240)	14,784,088

The accompanying notes form part of these financial statements.

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**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

	Economic Entity	
	31/12/2010	31/12/2009
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	16,140	171,715
Interest received	29,639	48,821
Payments to suppliers and employees	(778,223)	(268,948)
Payments for exploration expenditure	(2,253,624)	(621,300)
Net cash provided by / (used in) operating activities	(2,986,068)	(669,712)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(8,604)	(14,546)
Net cash provided by / (used in) investing activities	(8,604)	(14,546)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	8,706,931	4,000,000
Payment for share issue costs	(507,632)	(175,000)
Net cash provided by / (used in) financing activities	8,199,299	3,825,000
Net increase in cash held	5,204,627	3,140,742
Cash at beginning of period	1,221,825	1,225,387
Cash at end of period	6,426,452	4,366,129

The accompanying notes form part of these financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE
HALF-YEAR ENDED 31 DECEMBER 2010**

NOTE 1: BASIS OF PREPARATION

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Aura Energy Limited and its controlled entities ("the Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2010 and any public announcements made by Aura Energy Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for the adoption of the following new and revised Accounting Standards.

Material correction to prior period

In the accounts prepared for the half-year ended 31 December 2009, share based payments expense was overstated by \$395,587 because the options were not fully vested at that time. The prior period figures have been amended and restated to correct this error.

The impact of the restatement on the Statement of Financial Position was corrected during the second half of the 2010 financial year and consequently no changes are required to the comparatives in the Statement of Financial Position.

The impact of the restatement on the Statement of Comprehensive Income for the comparative period ended 31 December 2009 is as follows:

Statement of Comprehensive Income for the period ended 31 December 2009

	Restated Balance	Previously Reported Balance	Impact Profit / (Loss)
	\$	\$	\$
Share based payments expense	35,963	431,550	395,587
Profit/(loss) before income tax	296,045	691,632	395,587
Income tax (expense)/benefit	-	-	-
Net profit/(loss) attributable to members	296,045	691,632	395,587
Basic earnings/(loss) per share (cents per share)	0.41	0.95	0.54

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE
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NOTE 2: OPERATING SEGMENTS

	Australian Exploration	Scandinavian Exploration	African Exploration	Treasury	Total
	\$	\$	\$	\$	\$
For the Half Year to 31 December 2010					
Segment Revenue	14,672	-	-	29,639	44,311
Segment Results	(321,172)	(172,866)	(46,514)	29,358	(511,194)
Amounts not included in segment results but reviewed by Board:					
Corporate Expenses					(897,661)
Profit/(Loss) before Income Tax					(1,408,855)
As at 31 December 2010					
Segment Assets	1,390,170	3,438,746	4,262,050	6,426,452	15,517,418
Unallocated Assets:					
Trade and other receivables					144,364
Property, plant and equipment					36,910
Other non-current assets					7,433
Total Assets					15,706,125
Segment Liabilities	18,877	45,737	624,907	-	689,521
Unallocated Liabilities:					
Trade and other payables					220,796
Short-term provisions					11,720
Total Liabilities					922,037

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

NOTE 2: OPERATING SEGMENTS (cont.)

	Australian Exploration \$	Sweden Exploration \$	African Exploration \$	Treasury \$	Total \$
For the Half Year to 31 December 2009					
Segment Revenue	104,444	-	40,978	48,820	194,242
Segment Results	92,892	-	40,978	48,820	182,690
Corporate Expenses					(478,735)
Profit/(Loss) before Income Tax					(296,045)
As at 30 June 2010					
Segment Assets	1,628,543	3,222,267	1,838,926	1,221,825	7,911,561
Unallocated Assets:					
Trade and other receivables					89,732
Property, plant and equipment					53,327
Other non-current assets					7,627
Total Assets					8,062,247
Segment Liabilities	31,657	78,473	(9,904)	-	100,226
Unallocated Liabilities:					
Trade and other payables					124,479
Total Liabilities					224,705

NOTE 3: CONTINGENT LIABILITIES

Other than the contingent liability disclosed in Note 6, there has been no change in contingent liabilities since the last annual reporting date.

NOTE 4: EVENTS SUBSEQUENT TO REPORTING DATE

There are no subsequent events at reporting date.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

NOTE 5: ISSUED CAPITAL

	31/12/2010	31/12/2009
	\$	\$
132,090,068 fully paid ordinary shares	20,881,164	12,818,217

The Company has issued share capital amounting to 132,090,068 (2009: 83,232,659) ordinary shares at no par value.

Ordinary shares

At the beginning of the reporting period	12,681,865	8,856,865
Shares issued during the year:		
5,000,000 Shares issued on 7 July 2009	-	500,000
5,000,000 Shares issued on 10 July 2009	-	500,000
9,670,000 Shares issued on 10 September 2009	-	1,547,200
5,955,000 Shares issued on 30 October 2009	-	952,800
3,125,000 Shares issued on 4 November 2009	-	500,000
12,484,898 Share issued on 23 September 2010	1,872,735	-
19,143,511 Shares issued on 25 October 2010	2,871,526	-
17,229,000 Shares issued on 20 December 2010	3,962,670	-
Transaction costs relating to share issues	(507,632)	(175,000)
At reporting date	20,881,164	12,681,865

	2010	2009
	No.	No.
At the beginning of the reporting period	83,232,659	54,482,659
Shares issued during the year:		
5,000,000 Shares issued on 7 July 2009	-	5,000,000
5,000,000 Shares issued on 10 July 2009	-	5,000,000
9,670,000 Shares issued on 10 September 2009	-	9,670,000
5,955,000 Shares issued on 30 October 2009	-	5,955,000
3,125,000 Shares issued on 4 November 2009	-	3,125,000
12,484,898 Share issued on 23 September 2010	12,484,898	-
19,143,511 Shares issued on 25 October 2010	19,143,511	-
17,229,000 Shares issued on 20 December 2010	17,229,000	-
At reporting date	132,090,068	83,232,659

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has a vote on a show of hands.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

NOTE 6: ACQUISITION OF ENTITY

On 8 November 2010, the Company acquire 100% of GCM Africa Uranium Limited, a company incorporated in the United Kingdom. The purchase required the initial payment of \$1,429,629, a deferred payment of US\$500,000 after twelve months.

There is a contingent consideration of US\$2,000,000 if the uranium resource exceeds 75 million pounds, and up to an additional US\$4,000,000 plus 4,000,000 Aura shares if the resource significantly exceeds this 75 million pounds.

Purchase consideration:

Cash paid at settlement	1,429,629
Deferred liability	509,200
	1,938,829

Assets and Liabilities at acquisition date:

Cash at bank	1
Excess value of exploration assets on acquisition	1,938,828
	1,938,829

In the opinion of the Directors the contingent consideration component is considered to be not probable as the likelihood of an outflow of resources is remote as at the date of this report. For this reason the contingent consideration has not been recognised.

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DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 4-12:
 - a. comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Act 2001; and
 - b. give a true and fair view of the consolidated group's financial position as at 31 December 2010 and of its performance for the half year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Brett Fraser

DIRECTOR

Dated this 15th Day of March 2011

Independent Auditor's Review Report

To the Members of Aura Energy Limited

We have reviewed the accompanying half-year financial report of Aura Energy Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the consolidated statement of financial position as at 31 December 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

**Bentleys Audit
& Corporate (WA) Pty Ltd**
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Directors Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Aura Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Independent Auditor's Review Report

To the Members of Aura Energy Limited (Continued)



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Aura Energy Limited and Controlled Entities is not in accordance with the Corporations Act 2001 including:

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

A handwritten signature in blue ink that reads "Bentleys".

BENTLEYS
Chartered Accountants

A handwritten signature in blue ink, appearing to read "Ranko Matić".

RANKO MATIĆ CA
Director

DATED at PERTH this 15th day of March 2011