

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 \$44m (33c)
Cash position:	\$4.6 million
Shares:	132.1 million
Options:	7.2 million

Main shareholders

Kinetic Investment Partners	6.9%
UBS Nominees	6.8%
Drake Resources Ltd	4.6%
Board and Management	4.3%



Melbourne Office

Level 1, 19-23 Prospect Street,
Box Hill, VIC 3128, Australia
Tel: +61 (0)3 9890 1744
Fax: +61 (0)3 9890 3411

Perth Office

6/34 York Street,
North Perth, WA 6006, Australia
Tel: +61 (0)8 9228 0711
Fax: +61 (0)8 9228 0704

Website

www.auraenergy.com.au

HIGHLIGHTS

Häggån Project, Sweden

- Drilling completed on western area of main permit, testing mineralisation for a major update of the inferred resource
- Metallurgical testing on optimising uranium extraction continued

Kallsedet Uranium Project, Sweden

- Completed initial five hole programme
- Targeted high grade areas

Mauritania, West Africa

- Resource and exploration drilling completed
- High grades reported in initial assays
 - ASACJ079: 4.5m @ 1863 ppm U₃O₈
 - FEACG009: 3m @ 1312 ppm U₃O₈
 - OFLAC76A: 3m @ 1417 ppm U₃O₈
 - ASACI080: 3.0m @ 2268 ppm U₃O₈
 - ASACI084: 2.5m @ 1859 ppm U₃O₈
 - ASACC079: 10m @ 2000 ppm U₃O₈
 - FEACA043: 2.5m @ 1787 ppm U₃O₈
- Aiming for a JORC compliant resource before the end of the first half of 2011

Corporate

Aura had a booth at Mining Indaba in South Africa, the major African mining convention of the year. The company presented at the Melbourne Mining Club and the Uranium and Rare Earths Expo in Sydney and Melbourne, and completed a number of presentations to potential investors in Australia and overseas.

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.

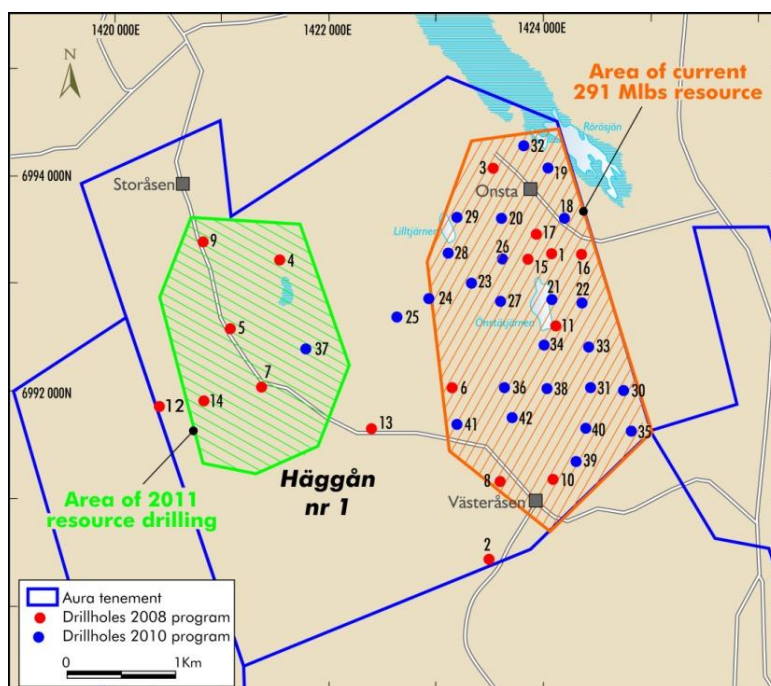
The resource, using a 100 ppm U_3O_8 cut-off, gives the Häggån Project a contained uranium content of 291 million pounds. This resource places Häggån within the 10 largest undeveloped uranium resources that are compliant with ASX or TSX requirements. The uranium occurs with molybdenum, nickel, vanadium 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 more than 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.

Drilling in Western Area

Subsequent to the end of the quarter Aura Energy completed an 11 hole drill programme, which commenced in early March, on the western side of its main permit at Häggån in Sweden.

Until this drilling, the information used in Aura's resource statement covers only 5% of Aura's permit areas and was focused on the eastern side of the permit.



Häggån 2011 Project Drilling

Drilling in the area had already identified extensive mineralisation. The 2,430 metres of new drilling in this programme is expected to lead to a substantial increase in the resource.

This western mineralisation may have slightly different characteristics. Aura's testing for higher grades, mineralisation at or near the surface, or thicker areas is an important part of understanding the alternatives for the scoping study work due to be completed later this year. Assays from the programme are expected to be available from May.

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.

Work during the quarter continued on bioleaching, which initial tests indicated significantly higher extraction of Uranium-Molybdenum-Nickel-Vanadium-Zinc compared with non-bioleach reference tests.

During the quarter Aura continued the second phase of work at ANSTO on conventional uranium extraction, as well as further mineralogical studies, mineral separation studies, and continuing discussions with potential partners.

KALLSEDET URANIUM PROJECT, SWEDEN (AURA 100%)

During the quarter Aura has completed drilling on 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 area is a greenfields discovery by Aura, and has never previously been drilled. Four holes were drilled in this area to determine the grade and thickness of the Alum shale. Assays are expected in May.

WEST AFRICAN ACTIVITIES

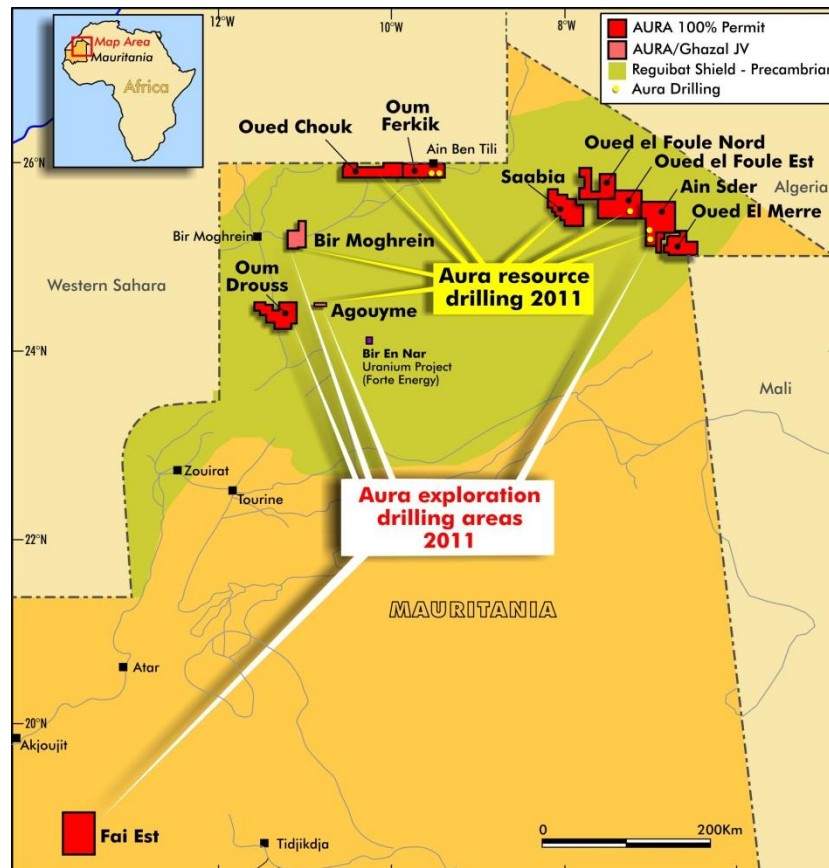
Aura has been active in the uranium provinces of West Africa since 2007 and has steadily increased its position to become one of largest landowners. Aura currently holds tenements and joint ventures in Mauritania and three exploration permit applications in the uranium bearing Tim Mersoï Basin in Niger. Aura is also 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.

Aura has previously estimated an exploitation target of 40-60 million pounds of U_3O_8 within three of its permits at an average grade of 300-450 ppm. 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



Aura Mauritania 2011 Drilling

The drilling programme which commenced in Mauritania in November 2010, ended with 2,169 holes being drilled. Drilling covered all of Aura's wholly owned permits as well as its joint venture permits totalled over 9,100 metres. Of these holes 2,022 were drilled within the Reguibat Project.

Approximately two-thirds of Aura's drill holes in the programme were resources holes, with the aim of substantiating a substantial part of the exploration target. The remaining third of the holes related to new exploration areas, where Aura was testing either radiometric anomalies or areas of mineralisation identified by reconnaissance sampling.

The results to date are very encouraging, confirming the extensive nature of the calcrete uranium mineralisation within the Reguibat Project. The mineralisation starts at or close to the ground surface in many cases and is up to ten metres in thickness.

High grade intercepts received include:

- ASACJ079: 4.5m @ 1863 ppm U_3O_8
- FEACG009: 3m @ 1312 ppm U_3O_8
- OFLAC76A: 3m @ 1417 ppm U_3O_8
- ASACI080: 3.0m @ 2268 ppm U_3O_8
- ASACI084: 2.5m @ 1859 ppm U_3O_8
- ASACC079: 10m @ 2000 ppm U_3O_8
- FEACA043: 2.5m @ 1787 ppm U_3O_8

The initial resource estimate for the Reguibat Project is expected to be released before the end of the current quarter.

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 100 ppm 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 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 198 ppm uranium. Results are encouraging and are being analysed.

CORPORATE

At 31 March, Aura had \$4.6 million in cash. This is sufficient to complete the resource calculations on both projects and the scoping study for Sweden.

Aura had a booth at Mining Indaba in South Africa, the major African mining convention of the year. The company presented at the Melbourne Mining Club and the Uranium and Rare Earths Expo in Sydney and Melbourne, and completed a number of presentations to potential investors in Australia and overseas.

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.