22 August 2011

New milestone - Häggån uranium resource doubles to 631 million pounds

HIGHLIGHTS

- **Resource expanded to 631 million pounds of uranium at a grade of 160ppm U_3O_8**
- **Häggån Project now in the top three largest undeveloped uranium resources in the world**
- **Resource covers only 15% of the Häggån Project with significant potential for further increases around drilled, thick mineralisation**
- **Estimate independently prepared by Hellman & Schofield Pty Ltd**
- **Häggån includes substantial molybdenum (383,000t), nickel (580,000t) & vanadium resources**

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.

Aura Energy Limited (ASX Code AEE, "Aura") has achieved another milestone with the announced of a significantly upgraded resource for its Häggån Project in Sweden. Independent resource consultants, Hellman & Schofield Pty Ltd (H&S), have established the upgrade from 291 to 631 million pounds which, for the first time, included the western section of the core permit area.

The Häggån Project forms part of a large uranium field in Central Sweden. 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 metres and more than 250 metres.

Aura's Managing Director, Dr Bob Beeson, commented: "This resource upgrade demonstrates the vast size of the uranium mineralisation in the Häggån Project and Aura has only placed a portion into resources to date. When we designed the drilling programme last year we anticipated good results but this outcome has substantially exceeded our expectations."

"The mineralisation occurs as a thick, flat lying sheet of multi-metal mineralisation and further major resource upgrades are anticipated."

Based on all of the Häggån assays data to date, H&S has established a total resource estimate for the deposit reported in accordance with the JORC (Joint Ore Reserves Committee) Code and Guidelines. H&S has used the method of ordinary block kriging to estimate grade and tonnage and considers that the drilling density and assay quality is of a standard that qualifies the estimate as an Inferred Resource.

The resource estimates are summarised in Table 1.

Cutoff U_3O_8 ppm	BT	U_3O_8 ppm	Mo ppm	V ppm	Ni ppm	Zn ppm
180	0.30	191	265	1841	378	509
160	0.90	176	241	1725	356	494
140	1.49	167	224	1628	337	470
120	1.73	162	216	1570	327	458
100	1.79	160	214	1551	324	454

Table 1: Inferred Resources for the Häggån Project
(BT = billion tonnes, figures have been rounded)

Contained metal contents for the Inferred Resource for the results in Table 1 are provided in Table 2.

Cutoff U_3O_8 ppm	U_3O_8 Mlb	MoO_3 Mlb	Ni Mlb	Zn Mlb
100	**631**	**843**	**1277**	**1790**

Table 2: Contained metal in the Inferred Resource for the Häggån Project
(Mlb = million pounds, figures have been rounded)

Comparison with other Uranium Resources

The resource, using a 100ppm U_3O_8 cut-off, gives the Häggån Project a contained uranium content of 631 million pounds. This resource places Häggån in the top three largest undeveloped uranium resources that are compliant with ASX or TSX requirements.

Rank	Project	Company	Mlbs	Grade (%)	Location
1	Viken	Continental	1047	0.02	Sweden
2	Elkon	ARMZ	705	0.12	Russia
3	Häggån	Aura Energy	631	0.02	Sweden
4	Husab	Extract	513	0.05	Namibia
5	Cigar Lake	Cameco/Areva	352	18.2	Canada
6	Imouraren	Areva	350	0.11	Niger
7	Kvanefjeld	Greenland Minerals	350	0.03	Greenland
8	Jabiluka	ERA	343	0.46	Northern Territory
9	Itatira	INB	315	0.09	Brazil
10	Etango	Bannerman	212	0.02	Namibia

Drilling that has been used in this resource statement covers only 15% of Aura's permit areas at Häggån.

Content of other metals

The resource also makes the Häggån Project a major depository of valuable co-metals. The Project contains 580,000 tonnes of nickel and also 383,000 tonnes of molybdenum, both important metals used in the steel industry.

On a global scale these are also exceptionally large resources.

Target areas for further resource expansion

Aura has previously drilled thick mineralisation within the Häggån Project. These areas are where significant future additions to the resource can be anticipated.

An example is the area northeast and east of Holes 4 and 49 where it is open and has no drilling for a kilometre in that direction. Both holes reported cumulative intersections of mineralisation of greater than 100 metres. Similarly thick mineralisation in holes 43, 44 and 46 is open southward.

In addition the Marby permit to the north of Häggån received minimal drilling in 2008. Hole Marby 7 contained a cumulative intersection of 158 metres of mineralisation.

Häggån Project development

Aura recently reported highly encouraging initial results from the second phase of its bioleach testwork on the Häggån deposit. This testwork is aimed at proving up a low cost extraction process.

- Chemical analysis and testwork have demonstrated that the mineralisation is acid-generating, facilitating metal leaching
- First small-scale column leach tests have indicated up to 75% uranium extraction
- In addition, significant extraction s of other metals has been achieved:
    - Nickel up to 65%, zinc to 60% and molybdenum to 25%
- There is considerable scope for increasing these extractions, for example, by crushing to finer size.

Work on optimising uranium recoveries and mining scoping studies continues and will expand to include the new resource areas.

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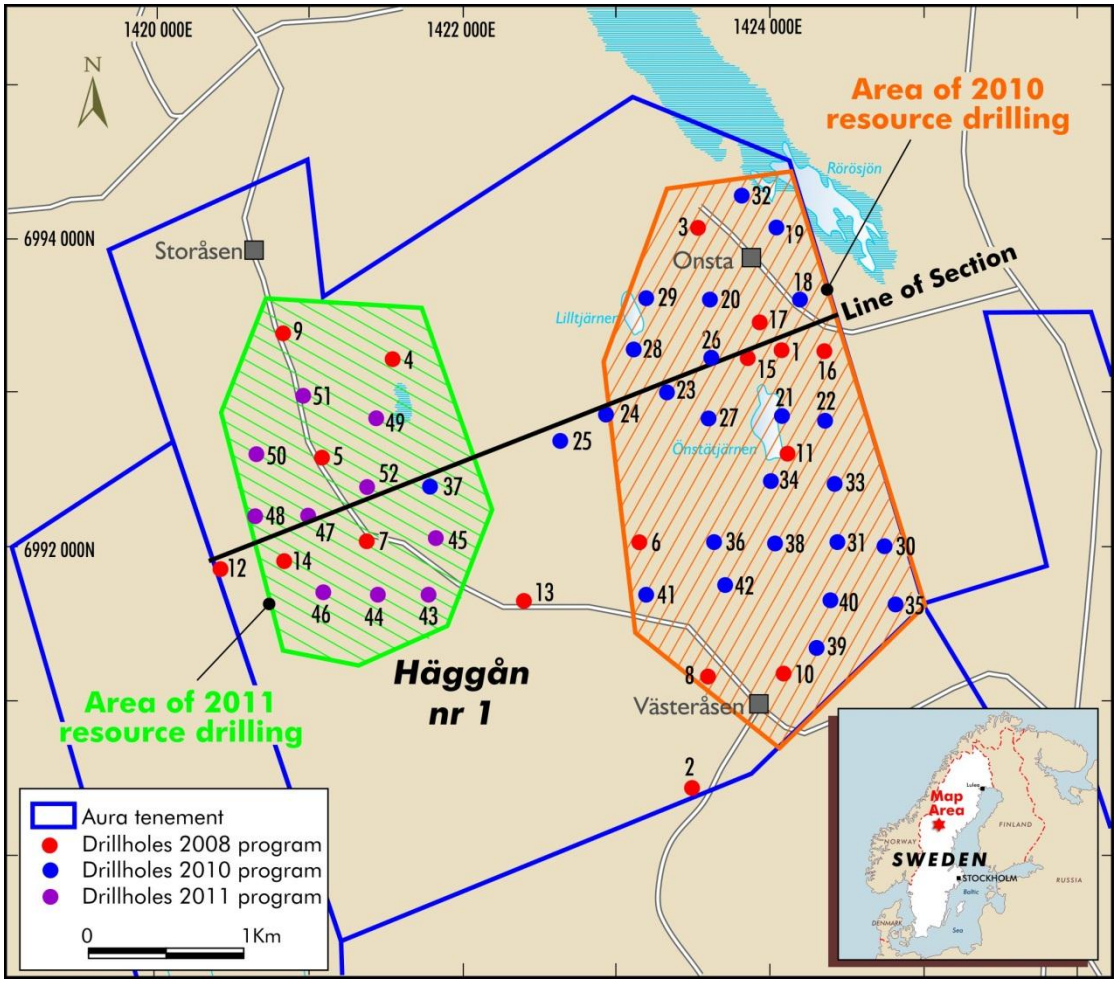
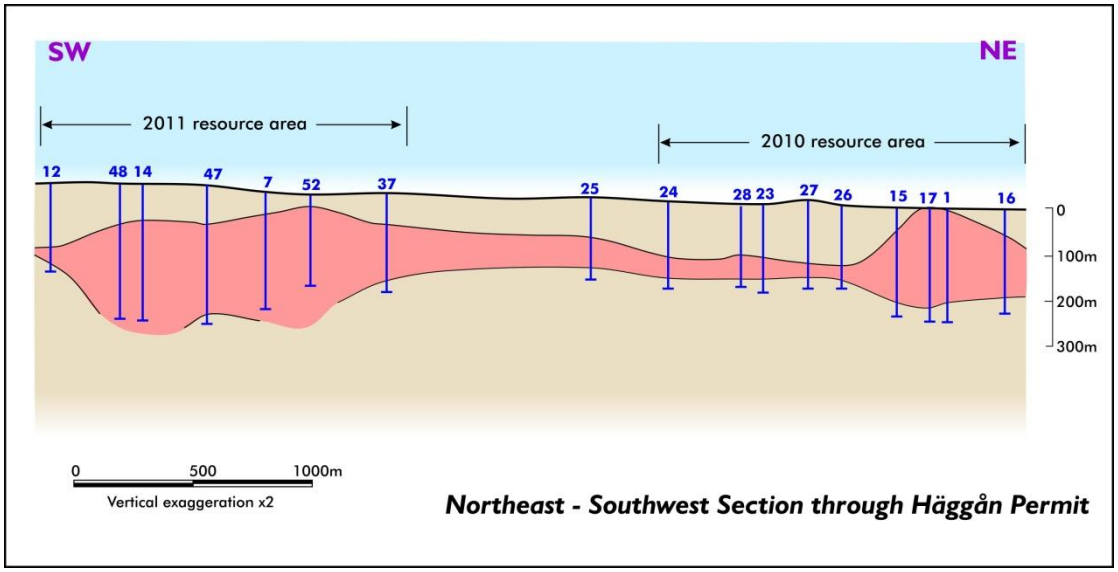


2010 -11 Häggån drilling



Häggån Drilling Section Highlight

Competent Persons

Mr. Simon Gatehouse takes responsibility for estimation of uranium and associated metals in the Häggån Resource. This work was completed while Mr. Gatehouse was a consultant geologist, and a fulltime staff member of H&S. He is a competent person in the meaning of JORC having had a minimum of five years relevant experience in exploration and estimation of uranium and other metal resources in many parts of the world. He is a member of the Australian Institute of Geoscientists. Mr. Gatehouse consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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. Dr Beeson takes responsibility for the requirement of "reasonable prospects for eventual economic extraction" for the reporting of Häggån Resources at the quoted cut-off grades.

Estimation procedure

In estimating the resources H&S assumed that mineralisation will be mined at a large scale using 10m benches. It has been further assumed that contacts between mineralisation and non mineralised units can be identified and mining selection will be at least on a scale of 6 meters. It is considered that dilution with inter-bedded and overlying limestone and massive shale units will be kept to a minimum.

Ordinary kriging of 6m composited intervals of mineralised shale was used to interpolate grades into 200m x 200m x 10m panels, discretized to 5x5x1. As uranium correlates well with readily identified mineralised shale lithotypes, a model of the proportion of mineralised lithotype in each panel was estimated using ordinary kriging of a lithotype index. When unmineralized lithotypes are indexed to zero and mineralised lithotypes to one an ordinary block kriging of the lithotype index estimates the proportion of each panel which is the mineralised lithotype. All kriging used a search radius of 520 meters in the horizontal plane and 13m vertically. A minimum of 8 and a maximum of 16 samples in 2 octants around panel centroids allow Inferred levels.

Ordinary kriging used variograms for each metal estimated; these were developed from data within the mineralised lithotype. The range of the uranium variogram exceeded 50m in the vertical dimension and was in excess of 400m in the horizontal plane with a small elongation in the north-north-west direction. The indicator variogram, representing the spatial continuity of the mineralised lithotype had a range in excess of 200m in the vertical and ranges in excess of 400m in the horizontal with elongation to 1.2 km at 40 degrees west of north. Variograms of V, Ni, Zn, and Mo varied little from the uranium variograms. H&S considers that the continuity of mineralisation is demonstrably very high and suitable for resource estimation.

Density measurements using a non-wax immersion technique has been made over a selection of typical lithologies in the mineralised Alum Shale sequence. Application of a density of 2.52 g/cc measured for samples of mineralised shale to the proportion of the panel estimates the tonnage of mineralised material within each panel.