



ABN 62 115 927 681

**ANNUAL REPORT
30 JUNE 2011**

CORPORATE DIRECTORY

Directors

Brett Fraser	Chairman
Robert (Bob) Beeson	Managing Director
Simon O'Loughlin	Non-executive Director
Jay Stephenson	Non-executive Director
Leigh Junk	Non-executive Director
Julian (Jules) Perkins	Non-executive Director

Company Secretary

Jay Stephenson

Principal registered office

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Email: info@auraenergy.com.au

Other offices

Exploration office – Melbourne
Exploration office – Sweden
Exploration office – Mauritania

Auditor

Bentleys
Level 1, 12 Kings Park Road
West Perth WA 6005

Share Registry

Computershare Registry Services
Level 2, 45 St Georges Terrace
Perth WA 6000

Australian Stock Exchange

ASX Code – AEE

Website: www.auraenergy.com.au

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Chairman's Letter

It has been a year in which the international nuclear industry and its suppliers received a shock with the tragedy resulting from the earthquake and tsunami in Japan, but from which it has started to recover and progress. Against this background Aura has delivered a sterling performance both from a project delivery perspective and its share price performance compared to many of its peers.

Aura now has over 688 million pounds of uranium in inferred resources in its two main projects, making it a major international holder of uranium resources. This considerable achievement reflects the establishment of two new JORC resources within a short time frame of about 14 months. All projects in the company are owned 100% by Aura Energy Limited.

Identifying a new greenfields area and taking it from concept to resource is testimony to the depth of management's technical expertise and its vision. The initial resource at Reguibat met expectations and is well positioned to grow as drilling coverage is expanded.

Expansion of the Häggån resource positions it as the third largest undeveloped TSX or ASX compliant resource in the world, again an outstanding accomplishment. Importantly, the extension drilling assists in understanding the ore body for the economic scoping studies that are commencing.

As the company moves from purely exploration to development it has taken the opportunity to strengthen the board with operational experience and I welcome two new board members. Leigh Junk is a mining engineer with 19 years' experience in mine planning. Leigh was the executive responsible for feasibility studies, project evaluation, production scheduling and mine design with several mining companies throughout Western Australia including WMC Resources and Mincor. Jules Perkins was Manager of Mining & Technology (Australia) for AngloGold Ashanti Ltd, one of the world's largest gold mining companies until 2006. Jules led the mineral processing department of Shell Research in the Netherlands for three years before moving into corporate management. Jules Perkins is currently Chairman of the Board of Parker Centre Ltd, which manages the Parker Cooperative Research Centre ('CRC') for Hydrometallurgy.

Nuclear energy remains a key plank of the world energy supply. While the Japanese accident has shaken confidence in some countries, others have since announced continuation of the nuclear reactor build. Aura is positioning itself to be a supplier to this economically important industry.

Personally, I wish to thank your Managing Director Dr Bob Beeson who has positioned your company distinctly amongst the leading resource owners in the uranium sector. To the management, board, employees and consultants for their efforts during the year and their outstanding drive who all significantly contributed value for shareholders, thank you.



Brett Fraser

Chairman

OPERATIONS REVIEW

Achievements

- Initial resource established for Reguibat project in Mauritania
- Resource greatly expanded at Häggån in Sweden
- Second major area of extensive uranium mineralisation established in Sweden at Kallsedet
- Board strengthened with appointments providing mine planning and operational experience

Objectives for 2011

- Progress the bio-heap leaching tests on Häggån to determine metal recoveries
- Complete initial scoping studies on Häggån
- Drill to extend Reguibat resource
- Test additional anomalies in Reguibat
- Commence scoping studies at Reguibat

OPERATIONS REVIEW

SWEDISH ACTIVITIES

Häggån Project

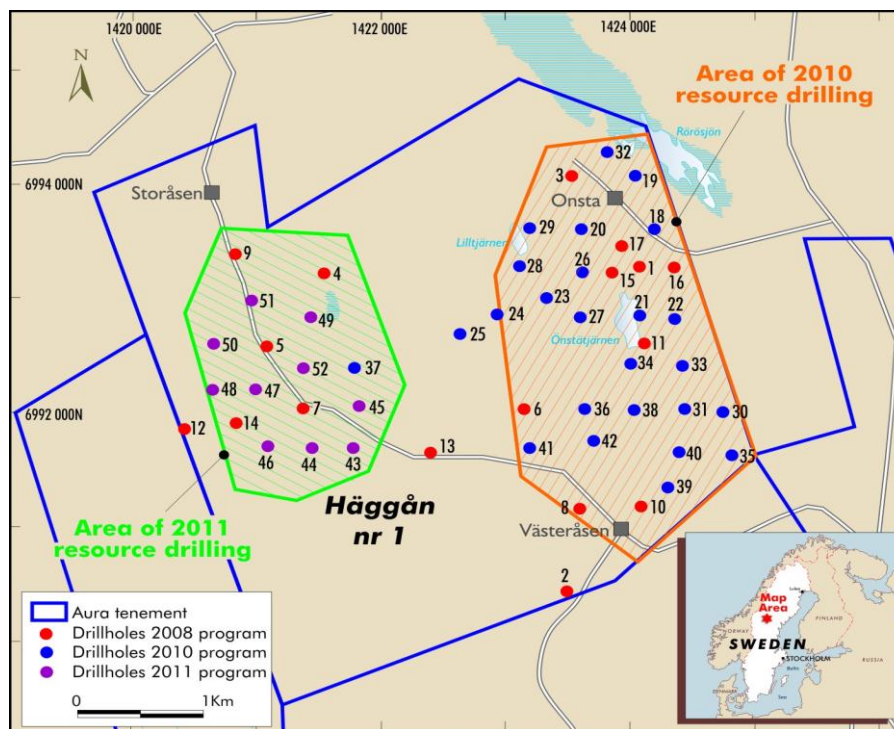
Excellent work during the year saw the Häggån resource placed in the world's top three undeveloped uranium resources that are compliant with ASX or TSX requirements, representing a substantial feat by Aura's exploration team.

The Häggån Project forms part of a large uranium field in Central Sweden on eight granted exploration permits, 100 per cent owned by Aura. 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 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 in Aura's permits 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.

Resource Expansion

In the first half of 2011, Aura completed an 11 hole drill programme on the western side of its main permit at Häggån. The objective of this programme was to test for higher grade or thicker areas of mineralisation. In addition the programme was designed to define extensions to the existing JORC compliant uranium resource.



2010 – 2011 Häggån drilling

OPERATIONS REVIEW

Drilling extended the zone of thick mineralisation south from previous holes drilled in 2008 and confirmed the company's expectation that there remains significant upside in the Häggån resource. Even after the most recent drilling, the area used to calculate the resource statement covers only 15 per cent of Aura's permit areas at Häggån.

Independent resource consultants Hellman & Schofield Pty Ltd (H&S) have upgraded the resource from 291 to 631 million pounds. It should be remembered that Häggån represents not only a significant uranium resource but also contains other metals such as molybdenum, vanadium, nickel and zinc. Based on the resource the contained metal contents are given below.

Cutoff U ₃ O ₈ ppm	Uranium (U ₃ O ₈) Millions of pounds	Molybdenum (MoO ₃) Millions of pounds	Nickel Millions of pounds	Zinc Millions of pounds
100	631	843	1277	1790

Metallurgical Testwork

The company is currently undertaking a multi-directional metallurgical test programme to determine the optimal uranium extraction route for the project, while also trying to maximise the recovery of valuable metal co-products. Aura has previously reported that high levels of uranium extraction (up to 93 per cent) have been obtained from initial bench-scale conventional acid leaching tests.

Alum Shale material at Häggån has characteristics that make it amenable to bioleaching technologies. The similarities to ores being processed by bioleaching elsewhere have been the impetus for

commencing bioleaching testwork with the Parker Cooperative Research Centre for hydrometallurgical research in Perth, Western Australia. Initial testwork was positive and new results during 2011 have confirmed the potential of bioleaching, which is an exciting and significant step forward for the company.

Maximum extraction of metals obtained in the presence of bacteria were:

- | | |
|--------------|-----|
| • Uranium | 75% |
| • Nickel | 65% |
| • Zinc | 60% |
| • Molybdenum | 25% |

It is anticipated that these results will be improved with further tests. One opportunity for improvement is using a finer particle size, as would be normal for a heap leach operation.

Bio-heap leaching of ore has the advantages of significantly reduced capital costs compared to a conventional plant, lower operating costs and the potential to recover valuable by-products. Aura is now planning for a larger size, more comprehensive phase of testing.

Next Steps

The world class resource at Häggån will now be subject to scoping studies covering mining and infrastructure. Concurrently metallurgical testwork will confirm the potential to recover uranium and other metals.

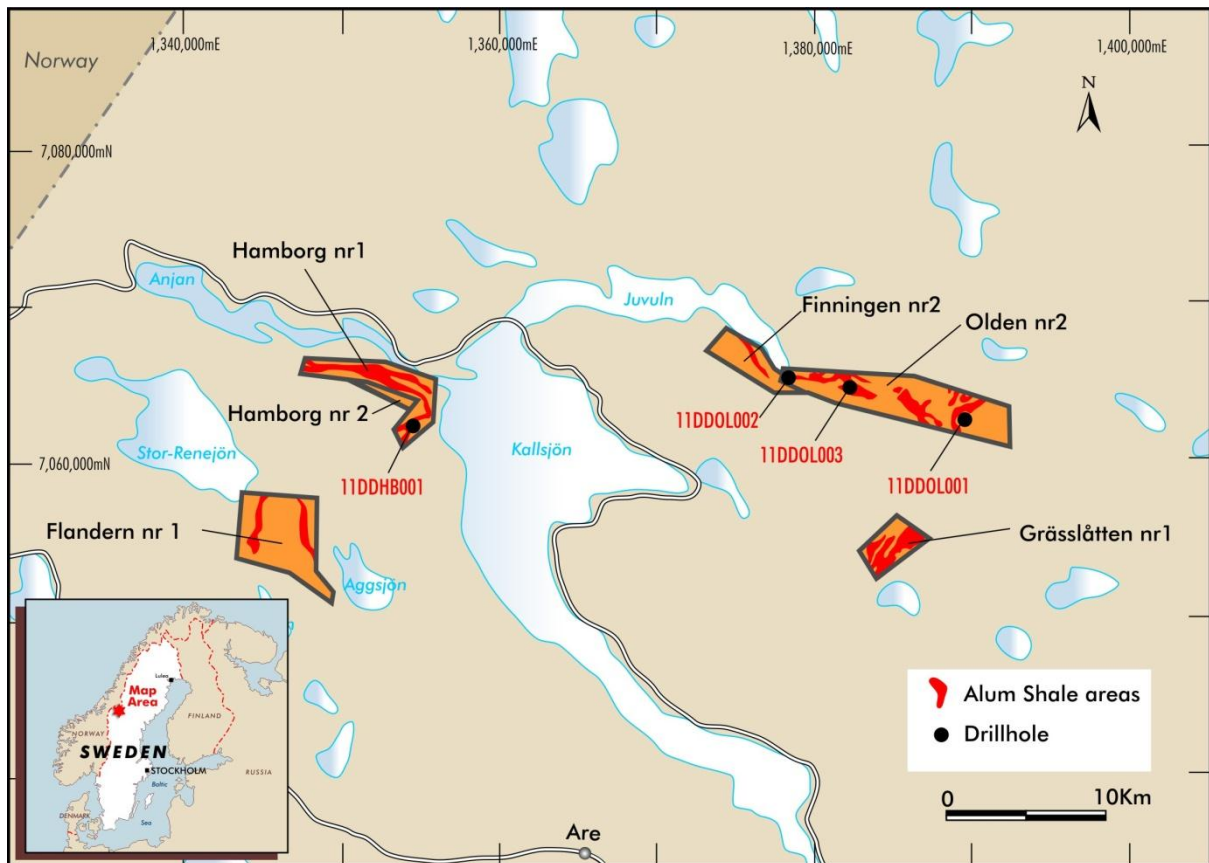
OPERATIONS REVIEW

Kallsedet Project

A successful drilling program in early 2011 saw this wholly owned area become an important step in Aura's strategy to develop a pipeline of uranium projects in Sweden. Kallsedet is a substantial landholding of about 90 square kilometres of uraniferous Alum Shale, close to the Norwegian border.

Little modern exploration had been undertaken in the area and Aura's initial evaluation of previous work and surface exploration identified a number of promising targets. Early in 2011 three holes were drilled on Aura's Olden permit and one hole on the Hamborg permit.

Drilling has returned promising results revealing thick, mineralised intersections varying from 12 metres to 98 metres in cumulative thickness, with areas of higher grade. The thicknesses of mineralisation found in drilling were greater than the surface mapping indicated and demonstrated good geological understanding by our team. The results confirmed the widespread occurrence of uraniferous shale in the area and the potential for Aura to establish another significant deposit in Sweden, with the next step to undertake further drilling. The technological advances that Aura is making for developing options for the economic processing of the Alum Shale at Häggån can be applied to the Kallsedet Project.



Location of the Kallsedet drill holes

OPERATIONS REVIEW

Virka Project

Located in the resource rich Norrbotten area of Northern Sweden is Aura's wholly owned Virka Project. The project lies approximately 45 kilometres southeast of the more than 20 million pounds Pleutajokk Uranium Deposit and approximately 50 kilometres northwest of the Arvidsjaur uranium province.

The Virka Project was discovered by the Swedish Geological Survey (SGU) with initial soil and rock-chip sampling defining a broad area of anomalism which was later followed up with diamond core drilling. Subsequent drilling between 1980 and 1982 was then directed towards intersecting this structure and eight of the total 20 holes drilled in the area intersected high grade uranium mineralisation. In 2008, Aura assayed the holes with higher radiometric responses and confirmed the presence of high grade mineralisation. The company is currently developing a programme for Virka.

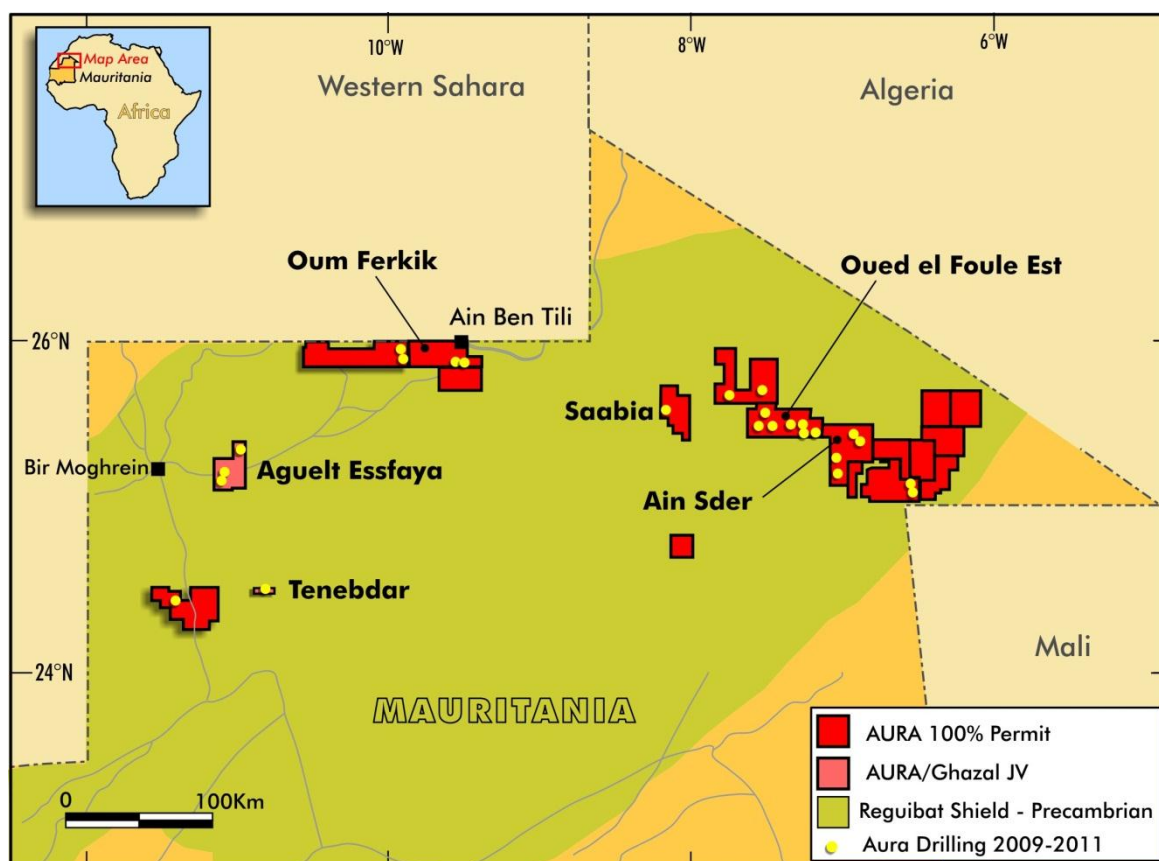
WEST AFRICAN ACTIVITIES

In both Mauritania and Niger there are well established mining industries. Aura has been active in the uranium provinces of West Africa since 2007. There is a significant presence of international mining groups and the governments encourage mining activity. Aura believes many of these areas are underexplored and that it has a significant advantage in having had an early presence in what is now one of the more attractive global exploration locations.

Reguibat Project, Mauritania

Aura's skills and its confidence in its greenfields Reguibat Project has been confirmed by the calculation of the first JORC-code compliant resource. The exploration team has undertaken radiometric surveys and two large drilling programs to successfully define several laterally extensive developments of calcrete uranium mineralisation within the Reguibat Project in northern Mauritania.

The initial Mineral Resource Statement for Aura was prepared by the independent experts, Coffey Mining Ltd. All of the resource is within six meters of surface allowing potential low cost mining. The Inferred Resource of 50.2 million pounds at 330 ppm U_3O_8 on the Reguibat Project was based on a cut-off grade of 100ppm U_3O_8 . A total of 97 per cent of this resource is contained in permits 100 per cent held by Aura.



Aura Mauritanian permits and drilling to date

The Reguibat resource compares favourably in terms and grade with many other calcrete uranium resources globally (See Figure 2).

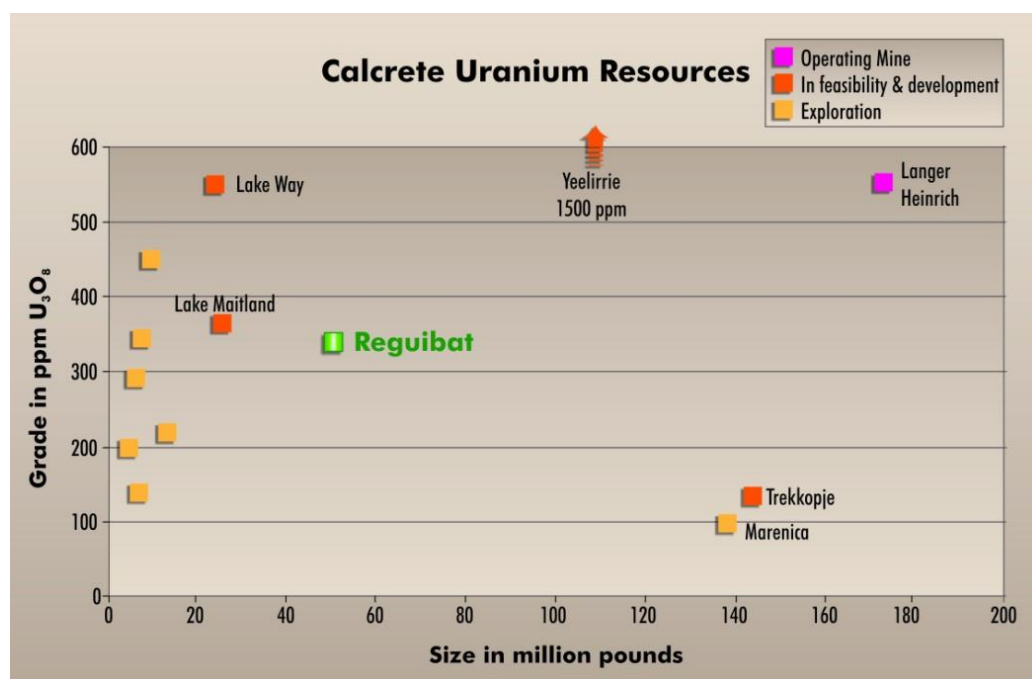


Figure 2: Reguibat project compares positively with other calcrete uranium projects

OPERATIONS REVIEW

Potential for expansion and higher grades

Many drill holes with higher grade intercepts occur in coherent zones. Within Oued el Foule Est permit, for example, there are a number of elongate, high grade zones of between 100 and 400 metres width. Similar, spatially continuous, higher grade zones are observed at other prospects.

Aura believes that there is potential to substantially increase the resource as many drill zones have mineralised holes on their margins that are open in at least one direction. In addition the Coffey study has identified additional potential in areas which have been drilled, but have not been classified as resource because of the lack of supporting information.

Next Steps

Aura intends to undertake another drilling programme to extend the resource and to test the high grade zones to see if they can form the basis for initial mining. Post completion of the drilling Aura intends to commence a scoping study on the resource.

Drilling will also encompass the substantial undrilled radiometric anomaly in the Ain Sder permit, as well as other untested radiometric anomalies. Aura holds 2,876 square kilometres in permit applications to the east of the Ain Sder permit that are considered prospective, but have never been radiometrically surveyed.

OPERATIONS REVIEW

WESTERN AUSTRALIA YILGARN CALCRETE PROJECTS

Wondinong

The wholly owned Wondinong project area covers a broad, sedimentary deltaic environment at the eastern end of Lake Austin where Aura has defined an Inferred Resource of seven million pounds uranium above a lower cut-off grade of 100ppm U₃O₈. Aura has an application for a mining lease to cover a major part of the resource.

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

RESOURCE STATEMENTS

HÄGGÅN RESOURCE STATEMENT

Category	Cutoff U3O8	Size	U ₃ O ₈	MoO ₃	V ₂ O ₅	Ni	Zn
	(ppm U ₃ O ₈)	(Bt)	ppm	ppm	ppm	ppm	ppm
Inferred	100	1.791	160	214	1551	324	545

Size in billions of tonnes and grades of the initial resources for the Häggån Project at 100ppm cut-off grade. Aura recognises the requirement to demonstrate that the uranium and other metals can be extracted economically, and this release is a further report of the progress of this work.

Competent Person's Statement

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.

REGUIBAT RESOURCE STATEMENT

Category	Lower Cut Off	Tonnes	Grade	Contained U ₃ O ₈
	(ppm U ₃ O ₈)	(Mt)	(ppm U ₃ O ₈)	(Mlb)
Inferred	100	68.7	330	50.2
	150	67.3	340	49.9
	200	60.7	350	47.3
	250	48.8	380	41.3
	300	35.8	420	33.4

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Competent Person's Statement

The Competent Person for the Resource estimation and classification is Mr Oliver Mapeto from Coffey Mining.

The Competent Person for the drill hole data and data quality is Dr Robert Beeson from Aura Energy.

The information in the report to which this statement is attached that relates to the Mineral Resource and is based on information compiled by Oliver Mapeto. Oliver Mapeto 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 Mr Mapeto as a Competent Person as defined in the 2004 edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Mapeto is a Member of The Australasian Institute of Mining and Metallurgy and is employed by Coffey Mining Pty Ltd. Mr Mapeto consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

WONDINONG RESOURCE STATEMENT

Category	Lower Cut Off	Tonnes	Grade	Contained U ₃ O ₈
	(ppm U ₃ O ₈)	(Mt)	(ppm U ₃ O ₈)	(Mlb)
	100	22.6	140	7.0
	150	6.5	185	2.6
	200	1.9	225	0.9
	250	0.3	270	0.2

Competent Person's Statement

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.

CORPORATE GOVERNANCE STATEMENT

As the framework of how the Board of Directors of Aura Energy Limited ("Company") carries out its duties and obligations, the Board has considered the eight principles of corporate governance as set out in the ASX Good Corporate Governance and Best Practice Recommendations.

The essential corporate governance principles are:

- 1 Lay solid foundations for management and oversight;
- 2 Structure the Board to add value;
- 3 Promote ethical and responsible decision-making;
- 4 Safeguard integrity in financial reporting;
- 5 Make timely and balanced disclosure;
- 6 Respect the rights of shareholders;
- 7 Recognise and manage risk;
- 8 Remunerate fairly and responsibly.

1. Lay solid foundations for management and oversight.

Recommendation 1.1: *Management should establish and disclose functions reserved to the board and delegated to management.*

Roles and Responsibilities:

The roles and responsibilities carried out by the Board are to:

- Oversee control and accountability of the Company;
- Set the broad targets, objectives, and strategies;
- Monitor financial performance;
- Assess and review risk exposure and management;
- Oversee compliance, corporate governance, and legal obligations;
- Approve all major purchases, disposals, acquisitions, and issue of new shares;
- Approve the annual and half-year financial statements;
- Appoint and remove the Company's Auditor;
- Appoint and assess the performance of the Managing Director and members of the senior management team;
- Report to shareholders.

Recommendation 1.2: *Companies should disclose the process for evaluating the performance of senior executives.*

The Board regularly reviews the performance of senior executives.

Recommendation 1.3: *Provide the information indicated in the ASX Corporate Governance Council's Guide to Reporting on Principle 1.*

The evaluation of performance of senior executives has taken place throughout the year.

2. Structure the Board to add value.

Recommendation 2.1: *A majority of the Board should be independent Directors. – The majority of the Board is independent. Refer general comment below.*

Recommendation 2.2: *The Chairperson should be an independent Director. – The Chairman is not independent. Refer general comment below.*

Recommendation 2.3: *The roles of the Chairperson and Chief Executive should not be exercised by the same individual.*

CORPORATE GOVERNANCE STATEMENT

Recommendation 2.4: *Establishment of a nominations committee.*

Recommendation 2.5: *Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives.*

Recommendation 2.6: *Provide the information indicated in the ASX Corporate Governance Council's Guide to Reporting on Principle 2.*

General Comments:

Membership

The Board's membership and structure is selected to provide the Company with the most appropriate direction in the areas of business controlled by the Company. The Board currently consists of six members; a Managing Director, and five non-executive Directors. Refer to the Directors' Report for details of each Director's profile. The majority of the Board is independent.

Chairman and Managing Director

The roles of the Chairman and the Managing Director are separate. The Chairman is responsible for leading the Board in its duties, and facilitating effective discussions at Board level. The Managing Director is responsible for the efficient and effective operation of the Company.

Nomination Committee

The Company has a formal charter for the Nomination Committee, however, no Committee has been appointed to date. The Board as a whole deals with areas that would normally fall under the charter of the Nomination Committee. These include matters relating to the renewal of Board members, and Board performance.

Skills

The Directors bring a range of skills and background to the Board including exploration, mining engineering, metallurgical engineering, technical management, accountancy, finance, stockbroking, and legal.

Experience

The Directors have considerable experience in business at both operational and corporate levels.

Meetings

The Board endeavours to meet at least bi-monthly on a formal basis, although the board regularly meets informally.

Independent professional advice

Each Director has the right to seek independent professional advice at the Company's expense for which the prior approval of the Chairman is required, and is not unreasonably withheld.

3. Promote ethical and responsible decision-making.

Recommendation 3.1: *Establish a code of conduct to guide the Directors, the Chief Executive Officer (or equivalent) and any other key executives as to:*

3.1.1 *The practices necessary to maintain confidence in the Company's integrity;*

3.1.2 *The practices necessary to take into account legal obligations and the reasonable expectations of shareholders;*

3.1.2 *The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.*

The Company is committed to its Directors and employees maintaining high standards of integrity, and ensuring that activities are in compliance with the letter and spirit of both the law and Company policies. Each staff member is issued with the Company's Policies and Procedures manual at the beginning of their employment with the Company.

CORPORATE GOVERNANCE STATEMENT

Recommendation 3.2: *Establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.*

The Company has a diversity policy included in its Corporate Governance Policy.

Recommendation 3.3: *Disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.*

The Company believes that the promotion of diversity on boards, in senior management and within the organisation generally broadens the pool for recruitment of high quality directors and employees; is likely to support employee retention; through the inclusion of different perspectives, is likely to encourage greater innovation; and is socially and economically responsible governance practice.

The Company is in compliance with the ASX Corporate Governance Council's Principles & Recommendations on Diversity. The Board of Directors is responsible for adopting and monitoring the Company's diversity policy. The policy sets out the beliefs and goals and strategies of the Company with respect to diversity within the Company. Diversity within the Company means all the things that make individuals different to one another including gender, ethnicity, religion, culture, language, sexual orientation, disability and age. It involves a commitment to equality and to treating of one another with respect.

The Company is dedicated to promoting a corporate culture that embraces diversity. The Company believes that diversity begins with the recruitment and selection practices of its board and its staff. Hiring of new employees and promotion of current employees are made on the bases of performance, ability and attitude.

Recommendation 3.4: *Disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.*

Currently there are 4 women employees in the whole organisation, in senior executive positions, or on the board. Given the present size of the Company, there are no plans to establish measurable objectives for achieving gender diversity at this time. The need for establishing and assessing measurable objectives for achieving gender diversity will be re-assessed as the size of the Company increases.

Recommendation 3.5: *Provide the information indicated in the ASX Corporate Governance Council's Guide to Reporting on Principle 3.*

A summary of both the Company's Code of Conduct and its Share Trading Policy is included on the Company's website.

General Comments:

Integrity of Company's Financial Condition

The Company's Financial Controller and Company Secretary report in writing to the Board that the consolidated financial statements of the Company and its controlled entities for the half and full financial year present a true and fair view, in all material respects, of the Company's financial condition and operational results are in accordance with relevant accounting standards.

CORPORATE GOVERNANCE STATEMENT

Audit Committee

The Company has a formal charter for an Audit Committee. The Audit Committee comprises Messers Fraser and O'Loughlin who are responsible for the following activities:

- Review the Company's accounting policies;
- Review the content of financial statements;
- Review the scope of the external audit, its effectiveness, and independence of the external audit;
- Ensure accounting records are maintained in accordance with statutory and accounting standard requirements;
- Monitor systems used to ensure financial and other information provided is reliable, accurate, and timely;
- Review the audit process with the external auditors to ensure full and frank discussion of audit issues;
- Present half and full year financial statements to the Board.

5. Make timely and balanced disclosure.

Recommendation 5.1: Establish written policies and procedures designed to ensure compliance with ASX Listing rules disclosure requirements and to ensure accountability at a senior management level for that compliance.

Being a listed entity on the ASX, the Company has an obligation under the ASX Listing Rules to maintain an informed market with respect to its securities. Accordingly, the Company advises the market of all information required to be disclosed under the Rules that the Board believes would have a material affect on the price of the Company's securities.

The Company Secretary has been appointed as the person responsible for communication with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements of the ASX Listing Rules, and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media, and the public.

All shareholders receive a copy of the Company's annual report.

Recommendation 5.2: *Provide the information indicated in the ASX Corporate Governance Councils' Guide to Reporting on Principle 5.*

Disclosure is reviewed as a routine agenda item at each Board meeting.

6. Respect the rights of shareholders.

Recommendation 6.1: *Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.*

Recommendation 6.2: *Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit, and the preparation and content of the auditor's report.*

General Comments:

The Company is committed to keeping shareholders fully informed of significant developments at the Company. In addition to public announcements of its financial statements and significant matters, the Company provides the opportunity for shareholders to question the Board and management about its activities at the Company's annual general meeting.

The Company's auditor, Bentleys, will be in attendance at the annual general meeting and will also be available to answer questions from shareholders about the conduct of the audit and the preparation and content of the auditor's report.

CORPORATE GOVERNANCE STATEMENT

7. Recognise and manage risk

Recommendation 7.1: *The Board or appropriate Board committee should establish policies on risk oversight and management.*

Recommendation 7.2: *The chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the Board that:*

7.2.1 *The statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.*

7.2.2 *The Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.*

Recommendation 7.3: *The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a system of risk management and internal control and that the system is operating effectively in all material respects in relation to the financial reporting risks.*

Recommendation 7.4: *Provide the information indicated in the ASX Corporate Governance Council's Guide to reporting on Principle 7.*

General Comments:

The Board oversees the Company's risk profile. The financial position of the Company and matters of risk are considered by the Board. The Board is responsible for ensuring that controls and procedures to identify, analyse, assess, prioritise, monitor and manage risk are in place, being maintained and adhered to.

The Financial Controller and Company Secretary state in writing to the Board that:

- The statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control, which implements the policies adopted by the Board.
- The Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

8. Remunerate fairly and responsibly

Recommendation 8.1: *The Board should establish a Remuneration Committee.*

Recommendation 8.2: *Clearly distinguish the structure of non-executive Directors' remuneration from that of executives.*

Recommendation 8.3: *Provide the information indicated in the ASX Corporate Governance Council's Guide to Reporting on Principle 8.*

General Comments:

Principles used to determine the nature and amount of remuneration

The objective of the Company's remuneration framework is to ensure reward for performance is competitive and appropriate to the results delivered. The framework aligns executive reward with the creation of value for shareholders, and conforms to market best practice.

The remuneration committee ensures that executive rewards satisfy the following key criteria for good reward governance practices:

- Competitiveness and reasonableness;
- Acceptability to the shareholders;
- Performance linked;
- Transparency;
- Capital management.

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The Company has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

Remuneration Committee

Members of the Remuneration Committee are Mr Fraser and Mr Stephenson.

Directors' Remuneration

Further information on Directors' and executives' remuneration is set out in the Directors' Report and Note 5 to the financial statements.

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DIRECTORS' REPORT

Your Directors present their report together with the financial statements of the Group, being the company and its controlled entities, for the financial year ended 30 June 2011.

Directors

The names of Directors in office at any time during or since the end of the year are:

Mr Brett Fraser

Dr Bob Beeson

Mr Jay Stephenson

Mr Simon O'Loughlin

Mr Leigh Junk (appointed 7 June 2011)

Mr Julian (Jules) Perkins (appointed 7 June 2011)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The following person held the position of Company Secretary at the end of the financial year:

Mr Jay Richard Stephenson — Fellow of Certified Practicing Accountants; Certified Management Accountant; Member of Australian Institute of Company Directors; Master of Business Administration; Fellow of Institute of Chartered Secretaries Australia. Mr Stephenson is also a non-executive director and performs the role of Chief Financial Officer for the Company.

Principal Activities

The principal activities of the Group during the financial year were the exploration and evaluation of its projects in Sweden, Africa, and Australia.

Operating Results

The consolidated loss for the year amounted to \$2,417,029 (2010: \$1,679,699).

Dividends Paid or Recommended

There were no dividends paid or recommended during the financial year ended 30 June 2011.

Review of Operations

A detailed review of the Group's exploration activities is set out in the section titled "Review of Operations" in this annual report.

Financial Position

The net assets of the Group have increased by \$6,229,002 from 30 June 2010 to \$14,066,544 at 30 June 2011.

DIRECTORS' REPORT

Significant Changes in State of Affairs

The following significant changes in the state of affairs of the Group occurred during the financial year:

- (a) On 23 September 2010, the Company completed a placement of 12,484,898 Shares at an issue price of \$0.15 to raise \$1,872,735.
- (b) 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.
- (c) On 25 October 2010, the Company completed an entitlement issue of 19,143,511 Shares at an issue price of \$0.15 to raise \$2,871,527.
- (d) On 20 December 2010, the Company completed a placement of 17,229,000 Shares at an issue price of \$0.23 to raise \$3,962,670.

After Balance Date Events

The Company issued 4,500,000 shares at 23 cents, raising \$1,035,000.

There are no other significant after balance date events that are not covered in the Operations Review or elsewhere in this Annual Report.

Likely Developments

Likely developments, future prospects and business strategies of the operations of the Group and the expected results of those operations have not been included in this report as the directors believe that the inclusion of such information would be likely to result in unreasonable prejudice to the Group.

Information on Directors

Mr Brett Fraser	— Chairman (Non-Executive).
Qualifications	— Fellow of Certified Practicing Accountants; Fellow of the Financial Services Institute of Australasia; Grad Dip Finance, Securities Institute of Australia; Bachelor of Business (Accounting); International Marketing Institute - AGSM Sydney.
Experience	— Board member since 24 August 2005.
Interest in Shares and Options	— 1,959,461 ordinary Shares in Aura Energy Limited and no options
Special Responsibilities	— Member of the Due Diligence Committee and Remuneration Committee.
Directorships held in other listed entities	— Current non-executive director and Chairman of Drake Resources Limited since March 2004, non-executive director and Chairman of Blina Diamonds NL and Doray Minerals Limited since September 2008 and October 2009 respectively. Past non-executive director of Gage Roads Brewing Co Limited from November 2007 to September 2008. No other directorships in the past three years.

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DIRECTORS' REPORT

Dr Robert Beeson	— Managing Director
Qualifications	— Bachelor of Science with Honours; PhD; Member of the Australian Institute of Geoscientists
Experience	— Geologist with over 30 years of global experience in base and precious metal exploration and development. Board member since 31 March 2006.
Interest in Shares and Options	— 1,799,250 Ordinary Shares in Aura Energy Limited and no options
Directorships held in other listed entities	— Current Managing Director of Drake Resources Limited since November 2004. No other directorships in the past three years.
Mr Jay Stephenson	— Director (Non-Executive); Company Secretary
Qualifications	— Fellow of Certified Practising Accountants; Certified Management Accountant; Member Australian Institute of Company Directors; Master of Business Administration; Fellow Institute of Chartered Secretaries Australia.
Experience	— Board member since 24 August 2005
Interest in Shares and Options	— 1,580,200 Ordinary Shares in Aura Energy Limited and no options
Special Responsibilities	— Member of Due Diligence Committee and Remuneration Committee
Directorships held in other listed entities	— Current non-executive Director of Drake Resources Limited since March 2004, Strategic Minerals Corporation NL since July 2009 and Doray Minerals Limited since August 2009. Past non-executive director of Excelsior Gold Limited from October 2009 to November 2009. No other directorships in the past three years.
Mr Simon O'Loughlin	— Director (Non-Executive)
Qualifications	— BA(Acc), Law Society Certificate in Law.
Experience	— Board member since 31 March 2006.
Interest in Shares and Options	— 868,112 Ordinary Shares in Aura Energy Limited and no options
Special Responsibilities	— Member of Due Diligence Committee
Directorships held in other listed entities	— Current Chairman of Bondi Mining Limited since December 2006, Avenue Resources Limited since March 2010 and Kagera Nickel Limited since September 2010, Current Non-Executive Director of WCP Resources Limited since March 2005, Petrathern Limited since July 2004, Chesser Resources Limited since May 2007, and Living Cell Technologies Limited since May 2004, Probiomix Limited since July 2008, and Strzelecki Metals Limited since September 2010. No other directorships in the past three years.

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DIRECTORS' REPORT

Mr Leigh Junk	— Director (Non-Executive)
Qualifications	— Diploma of Surveying from Wembley Technical College in 1992 and graduated from the University of Ballarat with a Graduate Diploma of Mining Engineering in 2000, and a Masters in Mineral Economics from Curtin University in 2008.
Experience	— Board member since 7 June 2011. Mr Junk is a mining engineer with 19 years' experience in mine planning. Leigh was the Executive responsible for feasibility studies, project evaluation, production scheduling and mine design with several mining companies throughout Western Australia, including Pilbara Manganese Pty Ltd, WMC Resources Ltd. and Mincor Operations Pty Ltd.
Interest in Shares and Options	— No Ordinary Shares in Aura Energy Limited and no options
Special Responsibilities	— none
Directorships held in other listed entities	— Mr. Junk is a Director of Doray Minerals Limited, Sentosa Mining Limited, the Goldfields Credit Union and of TSX-Venture listed Brilliant Mining.
Mr Jules Perkins	— Director (Non-Executive)
Qualifications	— Master of Science (Imperial College of Science & Technology) 1972; Associate of the Camborne School of Metalliferous Mining (Honours) 1967; Fellow of the Australasian Institute of Mining and Metallurgy; Member of the Australian Institute of Company Directors.
Experience	— Board member since 7 June 2011. Jules has over 40 years' experience in operations and management with major companies in the international minerals industry. He was Manager of Mining & Technology (Australia) for AngloGold Ashanti Ltd, one of the world's largest gold mining companies, until 2006. His career includes underground mining engineering in South Africa and management of metallurgic operations on the Zambian Copperbelt. Jules led the mineral processing department of Shell Research in the Netherlands for three years before moving into corporate management in the Netherlands and then in Australia. Mr Perkins is currently Chairman of the Board of Parker Centre Ltd, which manages the Parker Cooperative Research Centre ('CRC') for Hydrometallurgy. Jules has previously been a director on the boards of the CRC Mining and the Australian Centre for Mining Environmental Research.
Interest in Shares and Options	— 40,000 Ordinary Shares in Aura Energy Limited and 50,000 options
Special Responsibilities	— None
Directorships held in other listed entities	— No other directorships held in other listed entities.

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DIRECTORS' REPORT

Meetings of Directors

During the financial year, 3 meetings of Directors (including committees of Directors) were held.

Attendances by each Director during the year were as follows:

	DIRECTORS' MEETINGS		COMMITTEE MEETINGS					
			DUE DILIGENCE COMMITTEE		REMUNERATION COMMITTEE		AUDIT COMMITTEE	
	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended
Brett Fraser	3	3	-	-	-	-	1	1
Bob Beeson	3	3	-	-	-	-	-	-
Jay Stephenson	3	3	-	-	-	-	-	-
Simon O'Loughlin	3	2	-	-	-	-	1	1
Leigh Junk	-	-	-	-	-	-	-	-
Jules Perkins	-	-	-	-	-	-	-	-

Indemnifying Officers or Auditor

During or since the end of the financial year the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

- The Company has entered into agreements to indemnify all Directors and provide access to documents, against any liability arising from a claim brought by a third party against the Company. The agreement provides for the company to pay all damages and costs which may be awarded against the Directors.
- The Company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a willful breach of duty in relation to the Company. The amount of the premium was \$10,566.
- No indemnity has been paid to auditors.

Options

At the date of this report, the un-issued ordinary shares of Aura Energy Limited under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
30 November 2009	1 September 2011	\$0.23	4,500,000
1 February 2007	1 February 2012	\$0.25	550,000
8 February 2011	30 March 2013	\$0.69	650,000
8 February 2011	30 March 2013	\$1.05	650,000
24 April 2008	24 April 2013	\$0.60	400,000
23 December 2009	23 December 2014	\$0.30	375,000
31 March 2011	31 March 2016	\$0.45	570,000
			7,695,000

No person entitled to exercise the option has or has any right by virtue of the option to participate in any share issue of any other body corporate.

DIRECTORS' REPORT

Environmental Regulations

In the normal course of business, there are no environmental regulations or requirements that the Company is subject to.

The directors have considered the enacted National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the company for the current, nor subsequent, financial year. The directors will reassess this position as and when the need arises.

Non-audit Services

During the year ended 30 June 2011, taxation consulting services were provided to the company by a party related to the auditors. These services amounted to \$1,650 (2010: nil).

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2011 has been received and can be found on page 20 of the financial report.

**AURA ENERGY LIMITED
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REMUNERATION REPORT (AUDITED)

A. Remuneration Policy

The remuneration policy of Aura Energy Limited has been designed to align director and management objectives with shareholder and business objectives by providing a fixed remuneration component, and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The Board of Aura Energy Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best management and directors to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Group is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the Remuneration Committee and approved by the Board. All executives receive a base salary (which is based on factors such as length of service and experience), superannuation, options and performance incentives. The Remuneration Committee reviews executive packages annually by reference to the Group's performance, executive performance, and comparable information from industry sectors and other listed companies in similar industries.

Executives are also entitled to participate in the employee share and option arrangements.

The non-executive Directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits.

All remuneration paid to Directors and executives is valued at the cost to the Company and expensed. Options given to Directors and employees are valued using the Black-Scholes methodology.

The Board policy is to remunerate non-executive Directors at the lower end of market rates for comparable companies for time, commitment, and responsibilities. The non-executive Directors have been provided with options that are meant to incentivise the non-executive Directors. The Remuneration Committee determines payments to the non-executive Directors and reviews their remuneration annually based on market practice, duties, and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company.

The remuneration policy has been tailored to increase the direct positive relationship between shareholders investment objectives and directors' and executives' performance. Currently, this is facilitated through the issue of options to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth. For details of directors and executives interests in options at year end, refer to note 5 of the financial statements.

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REMUNERATION REPORT (AUDITED)

B. Remuneration Details for the Year Ended 30 June 2011

There were no cash bonuses paid during the year and there are no set performance criteria for achieving cash bonuses.

The following table of benefits and payment details, in respect to the financial year, the components of remuneration for each member of the key management personnel of the Group:

2011

<i>Group Key Management Personnel</i>	Short-term benefits				Post- employment benefits	Long-term benefits	Equity-settled share- based payments		Total
	Salary, fees and leave	Profit share and bonuses	Non- monetary	Other	Super- annuation	Other	Equity	Options	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Brett Fraser	58,750	-	-	45,000*	16,434	-	-	39,958	160,142
Bob Beeson	146,675	-	-	-	25,000	-	-	59,938	231,613
Jay Stephenson	50,000	-	-	45,000*	13,626	-	-	39,958	148,584
Simon O'Loughlin	50,000	-	-	-	13,626	-	-	39,958	103,584
Leigh Junk	-	-	-	-	-	-	-	-	-
Jules Perkins	-	-	-	-	-	-	-	-	-
	305,425	-	-	90,000	68,686	-	-	179,812	643,923

2010

<i>Group Key Management Personnel</i>	Short-term benefits				Post- employment benefits	Long-term benefits	Equity-settled share- based payments		Total
	Salary, fees and leave	Profit share and bonuses	Non- monetary	Other	Super- annuation	Other	Equity	Options	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Brett Fraser	55,000	-	-	45,000*	4,519	-	-	55,942	160,461
Bob Beeson	140,000	-	-	-	50,000	-	-	83,911	273,911
Jay Stephenson	40,000	-	-	45,000*	3,600	-	-	55,942	144,542
Simon O'Loughlin	40,000	-	-	-	3,600	-	-	55,942	99,542
	275,000	-	-	90,000	61,719	-	-	251,737	678,456

*Cash from other activities paid to Mr Fraser and Mr Stephenson are paid to Wolfstar Group Pty Ltd, a company controlled by Mr Fraser and Mr Stephenson. Wolfstar Group Pty Ltd provides Financial and Company Secretarial services to Aura Energy Limited.

C. Service Agreements

The Managing Director, Dr Robert Beeson, is employed under an extension of the terms of a previous contract of employment.

The employment contract stipulates a one month resignation period. The Company may terminate the employment contract without cause by providing one month's written notice, or making payment in lieu of notice based on the individual's annual salary component. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

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REMUNERATION REPORT (AUDITED)

D. Share-based compensation

Incentive Option Scheme

Options are granted under the Aura Energy Limited Incentive Option Scheme. All staff who have been continuously employed by the Company for a period of at least one year are eligible to participate in the plan. Options are granted under the plan for no consideration.

Director and Key Management Personnel Options

There were no director options issued during the 2011 financial year. An expense was raised in the current year for options issued in prior periods, in accordance with their vesting conditions.

On 30 November 2009, 4,500,000 share options were granted to directors to take up ordinary shares at an exercise price of \$0.23 each. The options are exercisable on or before 1 September 2011.

Share-based Payments

The terms and conditions relating to options granted as remuneration during the year to Directors and Key Management Personnel during the year are as follows:

<i>Group Key Management Personnel</i>	Grant date	Grant value \$	Reason for grant	Percentage vested during year % (Note 2)	Percentage forfeited during year %	Percentage remaining as unvested %	Expiry date for vesting	Range of possible values relating to future payments
Brett Fraser	30 November 2009	95,900	Note 1	42	-	-	1 September 2011	-
Bob Beeson	30 November 2009	143,850	Note 1	42	-	-	1 September 2011	-
James Merrillees	19 July 2010	7,040	Note 1	100	-	-	30 June 2011	-
James Merrillees	31 March 2011	7,950	Note 1	100	-	-	31 March 2016	-
Jay Stephenson	30 November 2009	95,900	Note 1	42	-	-	1 September 2011	-
Simon O'Loughlin	30 November 2009	95,900	Note 1	42	-	-	1 September 2011	-
Leigh Junk	-	-	-	-	-	-	-	-
Jules Perkins	-	-	-	-	-	-	-	-

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REMUNERATION REPORT (AUDITED)

- Note 1 The options have been granted to Key Management Personnel (KMP) to provide a market-linked incentive package in their capacity as KMP and for future performance by them in their roles. The vesting conditions of the options are as follows:
- KMP options will vest 12 months after the issue date and if the KMP is continually employed by the Company during that 12 months.
 - KMP options vest only if the share price is greater than 26 cents for 5 consecutive days during the 12 months vesting period.
 - Director options will vest immediately if there is a change or addition in directors exceeding 50% to those in office on date of issue.
- Note 2 The dollar value of the percentage vested during the period has been reflected in the Table of Benefits and Payments on previous page.
- All options were issued by Aura Energy Limited and entitle the holder to one ordinary share in Aura Energy Limited for each option exercised.

Description of Options Issued as Remuneration

Details of the options granted as remuneration to those key management personnel listed in the previous table are as follows:

Grant date	Issuer	Entitlement on exercise	Dates exercisable	Exercise price \$	Value per option at grant date \$	Amount paid/ payable by recipient \$
30 November 2009	Aura Energy Limited	1:1 Ordinary Shares in Aura Energy Limited	From vesting date to 11 September 2011 (expiry)	\$0.23	\$0.0959	-
19 July 2010	Aura Energy Limited	1:1 Ordinary Shares in Aura Energy Limited	From vesting date to 30 June 2011 (expiry)	\$0.197	\$0.0352	-

Option values at grant date were determined using the Black-Scholes method.

Details relating to service and performance criteria required for vesting have been provided in the Share-based Payments table in Note 19.

END OF REMUNERATION REPORT

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.



JAY STEPHENSON
DIRECTOR

Dated this 30th Day of September 2011

**Bentleys Audit & Corporate
(WA) Pty Ltd**

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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 audit of the financial report of Aura Energy Limited and Controlled Entities for the year ended 30 June 2011 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 audit;
- no contraventions of the *Code of Professional Conduct* of the Institute of Chartered Accountants in Australia in relation to the audit.

Yours faithfully



BENTLEYS
Chartered Accountants



RICHARD JOUGHIN CA
Director

DATED at PERTH this 30th day of September 2011

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011**

	Note	2011	2010
		\$	\$
Revenue	2	133,263	282,020
Other income	2	4,730	48,306
		137,993	330,326
Accounting and audit fees		(69,138)	(37,521)
Employee benefits		(549,708)	(505,855)
Legal and consulting fees		(54,972)	(13,791)
Business development		(58,539)	(323,706)
Computers and software		(29,025)	(27,100)
Depreciation	3	(43,836)	(55,967)
Insurance		(43,439)	(17,577)
Public relations		(201,906)	(38,377)
Share registry and listing fees		(89,746)	(47,434)
Rent and utilities		(32,935)	(32,502)
Travel and accommodation		(154,217)	(91,835)
Share-based payments	19	(433,009)	(293,777)
Impairment on capitalised exploration	11	(687,505)	(452,156)
Other expenses		(107,047)	(72,427)
Loss before income tax	3	(2,417,029)	(1,679,699)
Income tax expense	4	-	-
Loss from continuing operations		(2,417,029)	(1,679,699)
Other Comprehensive Income			
Foreign currency movement		(33,177)	17,702
Other comprehensive income for the year, net of tax		(33,177)	17,702
Total comprehensive income attributable to members of the parent entity		(2,450,206)	(1,661,997)
Earnings per Share:			
Basic loss per share (cents per share)	7	(2.10)	(2.15)

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Note	2011 \$	2010 \$
CURRENT ASSETS			
Cash and cash equivalents	8	3,289,774	1,221,825
Trade and other receivables	9	187,607	89,732
TOTAL CURRENT ASSETS		3,477,381	1,311,557
NON-CURRENT ASSETS			
Plant and equipment	10	26,933	53,327
Exploration and evaluation assets	11	11,465,790	6,697,363
TOTAL NON-CURRENT ASSETS		11,492,723	6,750,690
TOTAL ASSETS		14,970,104	8,062,247
CURRENT LIABILITIES			
Trade and other payables	12	885,253	207,811
Short term provisions	13	18,307	16,894
TOTAL CURRENT LIABILITIES		903,560	224,705
TOTAL LIABILITIES		903,560	224,705
NET ASSETS		14,066,544	7,837,542
EQUITY			
Issued Capital	14	21,074,083	12,681,865
Reserves	15	923,395	860,062
Accumulated Losses		(7,930,934)	(5,704,385)
TOTAL EQUITY		14,066,544	7,837,542

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011

	Issued Capital \$	Accumulated Losses \$	Options Reserve \$	Foreign Exchange Translation Reserve \$	Total \$
Balance at 1 July 2009	8,856,865	(4,222,086)	762,752	(16,769)	5,380,762
Loss for the year	-	(1,679,699)	-	-	(1,679,699)
Other comprehensive income for the year	-	-	-	17,702	17,702
Total comprehensive income for the year	-	(1,679,699)	-	17,702	(1,661,997)
Transaction with owners, directly in equity					
Shares issued during the year	4,000,000	-	-	-	4,000,000
Transaction costs	(175,000)	-	-	-	(175,000)
Options expired during the year	-	197,400	(197,400)	-	-
Options issued during the year	-	-	293,777	-	293,777
Balance at 30 June 2010	12,681,865	(5,704,385)	859,129	933	7,837,542
Balance at 1 July 2010	12,681,865	(5,704,385)	859,129	933	7,837,542
Loss for the year	-	(2,417,029)	-	-	(2,417,029)
Other comprehensive income for the year	-	-	-	(33,177)	(33,177)
Total comprehensive income for the year	-	(2,417,029)	-	(33,177)	(2,450,206)
Transaction with owners, directly in equity					
Shares issued during the year	8,763,498	-	(9,667)	-	8,753,831
Transaction costs	(507,632)	-	-	-	(507,632)
Options expired during the year	136,352	190,480	(326,832)	-	-
Options issued during the year	-	-	433,009	-	433,009
Balance at 30 June 2011	21,074,083	(7,930,934)	955,639	(32,244)	14,066,544

The accompanying notes form part of these financial statements.

**AURA ENERGY LIMITED
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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$	2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		43,437	709,563
Interest received		98,506	90,828
Payments to suppliers and employees		(1,928,931)	(1,578,094)
Payments for exploration expenditure		(4,883,019)	(3,027,460)
Net cash used in operating activities	18a	(6,670,007)	(3,805,163)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(17,443)	(23,399)
Loan for acquisition of subsidiary		509,200	-
Net cash used in investing activities		491,757	(23,399)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		8,753,831	4,000,000
Capital raising costs		(507,632)	(175,000)
Net cash provided by financing activities		8,246,199	3,825,000
Net increase/(decrease) in cash held		2,067,949	(3,562)
Cash at 1 July		1,221,825	1,225,387
Cash at 30 June	8	3,289,774	1,221,825

The accompanying notes form part of these financial statements.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These are the consolidated financial statements and notes of Aura Energy Limited and controlled entities ('Consolidated Group' or 'Group'). Aura Energy Limited is a company limited by shares, domiciled and incorporated in Australia.

The separate financial statements of the parent entity, Aura Energy Limited, have not been presented with this financial report as permitted by the Corporations Act 2001.

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Principles of Consolidation

A controlled entity is any entity over which Aura Energy Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 17 to the financial statements.

All inter-group balances and transactions between entities in the Consolidated Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the Consolidated Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

Business Combinations

Business combinations occur when an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

(b) Exploration and Development Expenditure

Exploration, evaluation, and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest will be amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

Costs of site restoration are provided over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(c) Income Tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items recognised outside profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(d) Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Consolidated Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	20%
Computers	33%
Motor Vehicles	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(e) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(f) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-borrowings in current liabilities on the Statement of financial position.

(g) Revenue and Other Income

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Management fees are recognised on portion of completion basis.

Gain on disposal of tenements, and revenue from equipment chargebacks, are recognised on receipt of compensation.

All revenue is stated net of the amount of goods and services tax (GST).

(h) Goods and Services Tax (GST)

Revenues, expenses, and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(i) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Group are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Group will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(j) Financial Instruments

Initial recognition and measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

Classification and Subsequent Measurement

Financial assets at fair value through profit and loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. All other investments are classified as current assets.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (ie. gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the statement of comprehensive income unless they are designated as hedges.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

Derecognition

Financial assets are derecognised where the contractual rights to cash flow expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(k) Earnings Per Share

i. Basic earnings per share

Basic earnings per share is determined by dividing the profit attributable to equity holders of the Company, excluding any costs of service equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

ii. Diluted earnings per share

Diluted earnings per share adjusts the figure used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financial costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(l) Impairment of Assets

At the end of each reporting period, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised immediately to profit or loss.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(m) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(n) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(o) Equity-settled compensation

The Group operates an employee share ownership scheme. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(p) Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(q) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the gain or loss is directly recognised in other comprehensive income, otherwise the exchange difference is recognised in the profit or loss.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the profit or loss in the period in which the operation is disposed.

(r) Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Key Judgments – Exploration and evaluation expenditure

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current. These costs are carried forward in respect of an area that has not at reporting date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves, refer to the accounting policy stated in note 1(b). The carrying value of capitalised expenditure at reporting date is \$11,275,898.

During the financial year, the Group undertook assessment of its tenement assets. As a result of this assessment, the Group decided to impair some of its exploration assets. Refer Note 11.

Key Judgments – Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the company's development and its current environmental impact, the directors believe such treatment is reasonable and appropriate.

Key Estimate – Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by tax authorities in relevant jurisdictions.

Key Estimate – Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Key Estimate – Acquisition of GCM African Uranium Limited

During the financial year, the Group acquired 100% of the issued capital of GCM African Uranium Limited ("GCM"). For the purposes of this acquisition, the Group was required to assess the fair value of the identifiable net assets of GCM. In determining the value, the Group assessed the amount exploration and evaluation that GCM had previously expended on its explorations assets, and had recognised as an expense in the period it had incurred the costs.

This expenditure has been taken into account in assessing the fair value of the identifiable net assets of GCM, and has been brought to account and carried forward as the cost of the exploration asset, in accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*. Refer to Note 16.

Key Estimate – Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model, using the assumptions detailed in Note 19.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(s) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Group has decided not to early adopt. A discussion of those future requirements and their impact on the Group is as follows:

- AASB 9: Financial Instruments (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The Group has not yet determined any potential impact on the financial statements.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
 - simplifying the requirements for embedded derivatives;
 - removing the tainting rules associated with held-to-maturity assets;
 - removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
 - allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
 - requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
 - requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.
- AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).
- AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:
- Tier 1: Australian Accounting Standards; and
 - Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

The following entities are required to apply Tier 1 reporting requirements (ie full IFRS):

- for-profit private sector entities that have public accountability; and
- the Australian Government and state, territory and local governments.

Since the Group is a for-profit private sector entity that has public accountability, it does not qualify for the reduced disclosure requirements for Tier 2 entities.

AASB 2010–2 makes amendments to Australian Accounting Standards and Interpretations to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific “RDR” disclosures.

- AASB 2009–12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the Group.

- AASB 2010–4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB’s annual improvements project. Key changes include:

- clarifying the application of AASB 108 prior to an entity’s first Australian-Accounting-Standards financial statements;
- adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity’s exposure to risks arising from financial instruments;
- amending AASB 101 to the effect that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
- adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and
- making sundry editorial amendments to various Standards and Interpretations.

This Standard is not expected to impact the Group.

- AASB 2010–5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011).

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

- AASB 2010–6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011).

This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them.

Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, and AASB 7: Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfers of financial assets.

This Standard is not expected to impact the Group.

- AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after 1 January 2013).

This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

As noted above, the Group has not yet determined any potential impact on the financial statements from adopting AASB 9.

- AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).

This Standard makes amendments to AASB 112: Income Taxes.

The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112.

The amendments are not expected to impact the Group.

The Group does not anticipate the early adoption of any of the above Australian Accounting Standards.

The financial report was authorised for issue on 30 September 2011 by the board of directors.

**AURA ENERGY LIMITED
AND CONTROLLED ENTITIES**
ABN 62 115 927 681
ANNUAL REPORT 30 JUNE 2011

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011	2010
		\$	\$
NOTE 2: REVENUE AND OTHER INCOME			
Revenue:			
Interest received from financial institutions		98,506	90,828
Management fees		34,757	191,192
Total Revenue		133,263	282,020
Other Income			
Equipment charge-backs		4,730	48,306
Total Other Income		4,730	48,306
		2011	2010
		\$	\$
NOTE 3: LOSS BEFORE INCOME TAX			
(a) Expenses			
Depreciation of non-current assets:			
Plant and equipment		11,593	23,424
Computer equipment		10,840	7,607
Office equipment		6,961	9,181
Motor vehicles		14,442	15,755
Total depreciation	10(a)	43,836	55,967
(b) Significant Revenues and Expenses			
The following significant revenue and (expense) items are relevant in explaining the financial performance:			
Write-off capitalised expenditure		(687,505)	(452,156)
Share-based payments expense		(433,009)	(293,777)
Superannuation expense		(36,592)	(31,936)

**AURA ENERGY LIMITED
AND CONTROLLED ENTITIES**
ABN 62 115 927 681
ANNUAL REPORT 30 JUNE 2011

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Note	2011 \$	2010 \$
NOTE 4: INCOME TAX			
(a) Income tax expense			
Current tax		-	-
Deferred tax		-	-
		-	-
Deferred income tax expense included in income tax expense comprises:			
- Increase / (decrease) in deferred tax assets	4(c)	(107,398)	(142,361) ¹
- (Increase) / decrease in deferred tax liabilities	4(d)	107,398	142,361 ¹
		-	-
¹ Correction: Balances in the comparative period have been adjusted to reflect the movement from period to period of deferred balances. There is no effect on income tax expense, nor upon the deferred tax balances to which they related. Amounts previously recorded were ±\$498,281 respectively.			
(b) Reconciliation of income tax expense to prima facie tax payable			
The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:			
Prima facie tax on operating profit at 30% (2010: 30%)		(725,109)	(503,910)
Add / (Less)			
Tax effect of:			
- Share-based payments		129,903	88,133
- Other adjustments		50,669	51,364
- Deferred tax asset not brought to account		544,537	364,413
Income tax attributable to operating loss		-	-
The applicable weighted average effective tax rates are as follows:			
Balance of franking account at year end		nil%	nil%
		nil	nil

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	Note	2011 \$	2010 \$
NOTE 4: INCOME TAX (cont.)			
(c) Deferred tax assets			
Tax losses		2,062,603	1,496,741
Provisions and accruals		5,696	5,321
Other		195,030	76,840
		2,263,328	1,578,902
Set-off deferred tax liabilities	4(d)	(390,883)	(498,281)
Net deferred tax assets		1,872,446	1,080,621
Less deferred tax assets not recognised		(1,872,446)	(1,080,621)
Net tax assets		-	-
(d) Deferred tax liabilities			
Exploration expenditure		390,883	498,281
		390,883	498,281
Set-off deferred tax assets	4(c)	(390,883)	(498,281)
Net deferred tax liabilities		-	-
(e) Tax losses			
Unused tax losses for which no deferred tax asset has been recognised, that may be utilised to offset tax liabilities.		6,241,485	3,602,069

Potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at 30 June 2011 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

- i. the company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and exploration expenditure to be realised;
- ii. the company continues to comply with conditions for deductibility imposed by law; and
- iii. no changes in tax legislation adversely affect the company in realising the benefit from the deductions for the loss and exploration expenditure.

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NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

(a) Key management personnel (KMP) compensation

The names and positions of KMP are as follows:

Brett Fraser	<i>Chairman</i>
Robert (Bob) Beeson	<i>Managing Director</i>
Simon O'Loughlin	<i>Non-executive Director</i>
Jay Stephenson	<i>Non-executive Director</i>
Leigh Junk	<i>Non-executive Director (appointed 7 June 2011)</i>
Julian Perkins	<i>Non-executive Director (appointed 7 June 2011)</i>

Refer to the Remuneration Report contained in the Director's Report for details of the remuneration paid to each member of the Group's KMP for the year ended 30 June 2011.

The totals of remuneration paid to KMP during the year are as follows:

	2011	2010
	\$	\$
Short-term employee benefits	395,425	365,000
Post-employment benefits	68,686	61,719
Share based payments	179,812	251,737
Other long term benefits	-	-
Termination benefits	-	-
Total	643,923	678,456

(b) Equity instrument disclosures relating to KMP

(i) Option holdings

The number of options over ordinary shares held by each KMP of the Group during the financial year is as follows:

30 June 2011	Balance at the beginning of year	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at end of year	Vested and exercisable
Directors of Aura Energy Limited						
Brett Fraser	1,000,000	-	-	-	1,000,000	1,000,000
Robert Beeson	3,000,000	-	-	(1,500,000)	1,500,000	1,500,000
Jay Stephenson	1,000,000	-	-	-	1,000,000	1,000,000
Simon O'Loughlin	1,000,000	-	-	-	1,000,000	1,000,000
Leigh Junk	-	-	-	-	-	-
Julian Perkins	-	-	-	-	-	-
	6,000,000	-	-	(1,500,000)	4,500,000	4,500,000

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30 June 2010	Balance at the beginning of year	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at end of year	Vested and exercisable
Directors of Aura Energy Limited						
Brett Fraser	750,000	1,000,000	-	(750,000)	1,000,000	1,000,000
Robert Beeson	3,000,000	1,500,000	-	(1,500,000)	3,000,000	3,000,000
Jay Stephenson	750,000	1,000,000	-	(750,000)	1,000,000	1,000,000
Simon O'Loughlin	500,000	1,000,000	-	(500,000)	1,000,000	1,000,000
	5,000,000	4,500,000	-	(3,500,000)	6,000,000	6,000,000

(iii) Shareholdings

The number of ordinary shares in Aura Energy Limited held by each KMP of the Group during the financial year is as follows:

30 June 2011	Balance at the start of the year	Received during the year as compensation	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Ordinary Shares					
Directors					
Brett Fraser	1,326,000	-	-	315,200	1,641,200
Robert Beeson	1,165,000	-	-	134,250	1,299,250
Jay Stephenson	1,146,000	-	-	209,200	1,355,200
Simon O'Loughlin	768,112	-	-	-	768,112
Leigh Junk	-	-	-	750,000	750,000
Julian Perkins	-	-	-	-	-
Total	4,405,112	-	-	1,408,650	5,813,762

30 June 2010	Balance at the start of the year	Received during the year as compensation	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Directors					
Ordinary Shares					
Brett Fraser	1,326,000	-	-	-	1,326,000
Robert Beeson	1,165,000	-	-	-	1,165,000
Jay Stephenson	1,146,000	-	-	-	1,146,000
Simon O'Loughlin	768,112	-	-	-	768,112
Total	4,405,112	-	-	-	4,405,112

Other changes during the year relate to shares purchased on market.

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(c) Loans to key management personnel

There are no loans made to directors of Aura Energy as at 30 June 2011.

(d) Other transactions with key management personnel

There have been no other transactions involving equity instruments other than those described in the tables above. For details of other transactions with key management personnel, refer Note 21: Related party transactions.

	Note	2011 \$	2010 \$
NOTE 6: AUDITOR'S REMUNERATION			
Remuneration of the auditor of the Group for:			
- Auditing or reviewing the financial reports		41,065	24,080
- Taxation services provided by a related practice of the auditor		1,650	-

	2011 \$	2010 \$
NOTE 7: EARNINGS PER SHARE		
(a) Reconciliation of earnings to net profit or loss		
Loss used in the calculation of basic EPS	(2,417,029)	(1,679,699)
(b) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	114,889,796	78,014,508
Basic earnings per share (cents per share)	(2.10)	(2.15)

	2011 \$	2010 \$
NOTE 8: CASH AND CASH EQUIVALENTS		
Cash at bank	3,289,774	1,221,825
Reconciliation of Cash		
Cash at the end of the financial year as shown in the consolidated statement of cash flows is reconciled to items in the consolidated statement of financial position as follows:		
Cash and cash equivalents	3,289,774	1,221,825

The effective interest rate on short term bank deposits was 6% (2010: 4.8%). These deposits have an average maturity of 4 months (2010: 7 months).

	2011 \$	2010 \$
NOTE 9: TRADE AND OTHER RECEIVABLES		
CURRENT		
Amount receivable from related parties	-	7,640
GST and MOMS receivable	155,072	39,444
Trade debtors and prepayments	32,535	42,648
	187,607	89,732

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	Note	2011	2010
		\$	\$
NOTE 10: PLANT AND EQUIPMENT			
NON-CURRENT			
Plant and equipment		169,969	152,526
Accumulated depreciation		(143,036)	(113,641)
		<u>26,933</u>	<u>38,885</u>
Motor vehicles		62,948	62,948
Accumulated depreciation		(62,948)	(48,506)
		<u>-</u>	<u>14,442</u>
		<u>26,933</u>	<u>53,327</u>

a. Movements in Carrying Amounts

Balance at the beginning of year		53,327	85,895
Additions		17,442	23,399
Depreciation expense	3(a)	(43,836)	(55,967)
Carrying amount at the end of year		<u>26,933</u>	<u>53,327</u>

	Note	2011	2010
		\$	\$
NOTE 11: EXPLORATION AND EVALUATION ASSETS			
NON-CURRENT			
Exploration expenditure capitalised			
- Exploration and evaluation phases at cost		11,458,202	6,689,736
Other		7,588	7,627
Net carrying value		<u>11,465,790</u>	<u>6,697,363</u>

The value of the Group interest in exploration expenditure is dependent upon:

- the continuance of the Group's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

The Group's exploration properties may be subjected to claim(s) under Native Title, or contain sacred sites, or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims.

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	2011	2010
	\$	\$
NOTE 12: TRADE AND OTHER PAYABLES		
CURRENT – unsecured liabilities		
Trade payables	837,947	102,207
Accrued expenses	31,749	42,400
GST and PAYG payable	15,557	63,204
	<u>885,253</u>	<u>207,811</u>

Trade payables are non-interest bearing and usually settled within 45 days.

	Note	2011	2010
		\$	\$
NOTE 13: SHORT TERM PROVISIONS			
CURRENT			
Employee benefits		18,307	16,894
Number of employees at year end		<u>3</u>	<u>6</u>

		2011	2010
		\$	\$
NOTE 14: ISSUED CAPITAL			
The Company has issued share capital amounting to 132,315,068 (2010: 83,232,659) fully paid ordinary shares at no par value.			
	14(a)	<u>21,074,083</u>	<u>12,681,865</u>

(a) 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 Shares issued on 23 September 2010	1,872,735	-
19,143,511 Shares issued on 25 October 2010	2,871,527	-
17,229,000 Shares issued on 20 December 2010	3,962,670	-
25,000 Shares issued on 9 February 2011	10,127	-
200,000 Shares issued on 30 June 2011	46,440	-
Transaction costs relating to share issues	(507,633)	(175,000)
Premium paid on expired options transferred as contributed equity	136,352	-
At reporting date	<u>21,074,083</u>	<u>12,681,865</u>

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	Note	2011 No.	2010 No.
NOTE 14: ISSUED CAPITAL (cont.)			
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 Shares 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	-
25,000 Shares issued on 9 February 2011		25,000	-
200,000 Shares issued on 30 June 2011		200,000	-
At reporting date		132,315,068	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.

(b) Options

For information relating to the Aura Energy Limited employee options scheme, including details of options issued, issued and lapsed during the financial year, and the options outstanding at balance date, refer to Note 17, Share-based Payments.

(c) Capital Management

The Directors' objectives when managing capital are to ensure that the Group can fund its operations and continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The working capital position of the Group at 30 June 2011 and 30 June 2010 were as follows:

	2011 \$	2010 \$
Cash and cash equivalents	3,289,774	1,221,825
Trade and other receivables	187,607	89,732
Trade and other payables	(885,253)	(207,811)
Working capital position	2,592,128	1,103,746

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	Note	2011	2010
NOTE 15: RESERVES		\$	\$
Option reserve		955,639	859,129
Foreign exchange reserve		(32,244)	933
		923,395	860,062

Option reserve

The option reserve records items recognised as expenses on valuations of employee and consultant share options.

Foreign Exchange Translation Reserve

The foreign exchange reserve records exchange differences arising on translation of a foreign controlled subsidiary.

NOTE 16: 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
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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NOTE 17: CONTROLLED ENTITIES

Controlled Entities	Country of Incorporation	Class of Shares	Percentage Owned	
			2011	2010
Keyano Jack Pty Limited	Australia	Ordinary	100%	100%
Aura Energy Sweden AB	Sweden	Ordinary	100%	100%
GCM Africa Uranium Limited	United Kingdom	Ordinary	100%	-

Investments in subsidiaries are accounted for at cost.

	2011	2010
	\$	\$
NOTE 18: CASH FLOW INFORMATION		
(a)		
Loss after income tax	(2,417,029)	(1,679,699)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit from ordinary activities		
Employee share-based payments expense	433,009	293,777
Depreciation	43,836	55,967
Write-off capitalised expenditure	687,505	452,156
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
Increase in exploration expenditure capitalised	(5,497,409)	(3,183,956)
Decrease/(increase) in receivables and prepayments	(5,014)	408,938
Decrease in payables	116,820	(186,004)
Increase/(decrease) in provisions	1,413	15,490
Cash flow from operations	(6,636,869)	(3,823,331)

Credit Standby Facilities

The Group has no credit standby facilities.

Non-Cash investing and financing activities

The Group has no non-cash investing and financing activities.

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NOTE 19: SHARE-BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2011:

On 1 February 2007, 550,000 share options were granted to employees and consultants under the Aura Energy Limited Incentive Option Plan to take up ordinary shares at an exercise price of \$0.25 each. The options are exercisable on or before 1 February 2012. The options hold no voting or dividend rights and are not transferable. Since balance date, no director has ceased their employment. At balance date, no share option has been exercised, and 550,000 options remain.

On 24 April 2008, 600,000 share options were granted to employees and consultants under the Aura Energy Limited Incentive Option Plan to take up ordinary shares at an exercise price of \$0.60 each. The options are exercisable on or before 24 April 2013. The options hold no voting or dividend rights and are not transferable. During the year ended 30 June 2009, one employee ceased employment and 200,000 options expired. Since that date, no other holder has ceased their employment. During the year ended 30 June 2011, one employee exercised 25,000 options, and therefore at balance date, 375,000 options remain.

On 30 November 2009, 4,500,000 share options were granted to the Directors to take up ordinary shares at an exercise price of \$0.23 each. The options are exercisable on or before 1 September 2011. The options hold no voting or dividend rights, and are not transferable. At balance date, no share option has been exercised and 4,500,000 options remain.

On 23 December 2009, 400,000 share options were granted to employees and consultants under the Aura Energy Limited Incentive Option Plan to take up ordinary shares at an exercise price of \$0.30 each. The options are exercisable on or before 23 December 2014. The options hold no voting or dividend rights and are not transferable. At balance date, no share option has been exercised or forfeited and 400,000 options remain.

On 19 July 2010, 200,000 share options were granted to employees and consultants under the Aura Energy Limited Incentive Option Plan to take up ordinary shares at an exercise price of \$0.197 each. The options were exercisable on or before 30 June 2011, and were all exercised on that date.

On 31 March 2011, 570,000 share options were granted to employees and consultants under the Aura Energy Limited Incentive Option Plan to take up ordinary shares at an exercise price of \$0.45 each. The options are exercisable on or before 31 March 2016. The options hold no voting or dividend rights and are not transferable. At balance date, no share option has been exercised or forfeited and 570,000 options remain.

All options granted to key management personnel are ordinary shares in Aura Energy Limited, which confer a right to one ordinary share for every option held.

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A summary of the movements of all company options issued is as follows:

	2011		2010	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding at the beginning of the year	7,450,000	\$0.1212	6,050,000	\$0.1035
Granted	2,070,000	\$0.6893	4,900,000	\$0.2943
Exercised	(225,000)	\$0.2084	-	-
Expired	(1,600,000)	\$0.5469	(3,500,000)	\$0.2500
Outstanding at year-end	7,695,000	\$0.3785	7,450,000	\$0.1212
Exercisable at year-end	7,695,000	\$0.3785	7,450,000	\$0.1212

The weighted average remaining contractual life of options outstanding at year end was 1.06 years. The weighted average exercise price of outstanding shares at the end of the reporting period was \$0.3785.

The fair value of the options granted to employees is deemed to represent the value of the employee services received over the vesting period.

The weighted average fair value of options granted during the year was \$0.1307 (2010: \$0.0967). These values were calculated using the Black-Scholes option pricing model applying the following inputs:

Option exercise price:	\$0.197	\$0.69	\$1.05	\$0.45
Number of options issued:	200,000	650,000	650,000	570,000
Remaining life of the options:	-	1.75	1.75	4.76
Expected share price volatility:	120.00%	93.41%	93.41%	100.38%
Risk-free interest rate:	4.6%	5.19%	5.19%	5.24%

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future movements.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

NOTE 20: EVENTS SUBSEQUENT TO REPORTING DATE

The Company issued 4,500,000 shares at 23 cents, raising \$1,035,000.

Other than the above, there are no other significant after balance date events.

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	2011	2010
	\$	\$
NOTE 21: RELATED PARTY TRANSACTIONS		
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.		
Transactions with Key Management Personnel:		
Jay Stephenson		
Aura Energy Limited rents office space from Jay Stephenson	10,800	10,800
Wolfstar Group Pty Ltd		
Mr Fraser and Mr Stephenson, non-executive Directors of Aura Energy Limited, are Directors and Joint Shareholders of Wolfstar Group Pty Ltd. Mr Stephenson provides Company Secretarial and Chief Financial Officer duties to Aura Energy Limited, as well as providing corporate advisory advice during the listing process.	90,000	90,000
NOTE 22: CAPITAL COMMITMENTS		
Capital expenditure commitments:		
Capital expenditure commitments contracted for:		
Exploration tenement minimum expenditure requirements	978,883	6,894,000
Payable:		
- not later than 12 months	594,500	1,386,000
- between 12 months and 5 years	384,383	1,270,000
- greater than 5 years	-	4,238,000
	978,883	6,894,000
Operating lease commitments:		
Operating leases contracted for but not capitalised in the financial statements		
Payable:		
- not later than 12 months	13,000	23,000
- between 12 months and 5 years	21,000	34,000
- greater than 5 years	-	-
Total commitments	34,000	57,000

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NOTE 23: OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The Group operates predominantly in the mining industry. This comprises exploration and evaluation of uranium, gold, silver and base metals projects. Inter-segment transactions are priced at cost to the Consolidated Group.

The Group has identified its operating segments based on the internal reports that are provided to the Board of Directors on a monthly basis. Management has identified the operating segments based on the three principal locations of its projects – Australia, Sweden and West Africa.

Corporate expenses include administration and regulatory expenses arising from operating an ASX listed entity.

Segment assets include the costs to acquire tenements and the capitalised exploration costs of those tenements. Financial assets including cash and cash equivalents, and investments in financial assets, are reported in the Treasury segment.

	Australian Exploration	Sweden Exploration	African Exploration	Treasury	Total
For the Year to 30 June 2011	\$	\$	\$	\$	\$
Segment Revenue	39,487	-	-	98,506	137,993
Segment Results	(471,814)	(173,553)	(46,514)	98,225	(593,656)
Amounts not included in segment results but reviewed by Board:					
- Corporate charges					(1,346,528)
- Depreciation					(43,836)
- Share-based payment expenses					(433,009)
Loss before Income Tax					(2,417,029)
As at 30 June 2011					
Segment Assets	1,295,354	4,339,458	5,823,390	3,289,773	14,747,975
Unallocated Assets:					
Trade and other receivables					187,607
Plant and equipment					26,933
Other non-current assets					7,589
Total Assets					14,970,104
Segment asset increases for the period:					
- capital expenditure - exploration	135,444	1,290,744	1,890,750	-	3,316,938
Segment Liabilities	18,877	40,176	624,907	-	683,960
Unallocated Liabilities:					
Trade and other payables					201,293
Short term provisions					18,307
Total Liabilities					903,560

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NOTE 23: OPERATING SEGMENTS (CONT.)

	Australian Exploration	Sweden Exploration	African Exploration	Treasury	Total
For the Year to 30 June 2010	\$	\$	\$	\$	\$
Segment Revenue	330,326	-	-	-	330,326
Segment Results	330,326	-	-	-	330,326
Amounts not included in segment results but reviewed by Board:					
- Corporate charges					(1,208,125)
- Exploration Impairment					(452,156)
- Depreciation					(55,967)
- Share-based payment recoupment					(293,777)
Loss before Income Tax					(1,679,699)
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
Plant and equipment					53,327
Other non-current assets					7,627
Total Assets					8,062,247
Segment asset increases for the period:					
- capital expenditure	-	1,205,005	1,609,798	-	2,814,803
Segment Liabilities	31,657	78,473	(9,904)	-	100,226
Unallocated Liabilities:					
Trade and other payables					124,479
Total Liabilities					224,705

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 23: OPERATING SEGMENTS (CONT.)

Basis of accounting for purposes of reporting by operating segments

a. *Accounting policies adopted*

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

b. *Inter-segment transactions*

An internally determined transfer price is set for all inter-segment sales. This price is reset quarterly and is based on what would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation of the Group's financial statements.

Corporate charges are allocated to reporting segments based on the segments' overall proportion of revenue generation within the Group. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

c. *Segment assets*

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

d. *Segment liabilities*

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

e. *Unallocated items*

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Impairment of assets and other non-recurring items of revenue or expense
- Income tax expense
- Deferred tax assets and liabilities
- Current tax liabilities
- Other financial liabilities

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NOTE 24 – FINANCIAL RISK MANAGEMENT

(a) Financial Risk Management Policies

The Group's financial instruments consist mainly of deposits with banks, short-term investments, and accounts payable and receivable.

The Group does not speculate in the trading of derivative instruments.

A summary of the Group's Financial Assets and Liabilities is shown below:

	Floating Interest Rate	Non- interest bearing	2011 Total	Floating Interest Rate	Non- interest bearing	2010 Total
	\$	\$	\$	\$	\$	\$
Financial Assets						
Cash and cash equivalents	3,289,774	-	3,289,774	1,221,825	-	1,221,825
Trade and other receivables	-	187,607	187,607	-	89,732	89,732
Total Financial Assets	3,289,774	187,607	3,477,381	1,221,825	89,732	1,311,557
Financial Liabilities						
Financial liabilities at amortised cost						
- Trade and other payables	-	885,253	885,253	-	207,811	207,811
Total Financial Liabilities	-	885,253	885,253	-	207,811	207,811
Net Financial Assets	3,289,774	(697,646)	2,592,128	1,221,825	(118,079)	1,103,746

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 24 – FINANCIAL INSTRUMENTS (CONT.)

Specific Financial Risk Exposures and Management

The main risk the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate, foreign currency risk and equity price risk.

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group.

Credit risk exposures

The maximum exposure to credit risk is that to its alliance partners and that is limited to the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Credit risk related to balances with banks and other financial institutions is managed by the Group in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings.

	Note	2011 \$	2010 \$
Cash and cash equivalents			
- AA Rated	8	3,289,774	1,221,825

b. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group. Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required. Any surplus funds are invested with major financial institutions.

The financial liabilities of the Group are confined to trade and other payables as disclosed in the Statement of financial position. All trade and other payables are non-interest bearing and due within 30 days of the reporting date.

c. Market risk

The Board meets on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

i. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

Interest rate risk is not material to the Group as no debt arrangements have been entered into.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 24 – FINANCIAL INSTRUMENTS (CONT.)

ii. Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

With instruments being held by overseas operations, fluctuations in foreign currencies may impact on the Group's financial results. The Group's exposure to foreign exchange risk is minimal, however the Board continues to review this exposure regularly.

iii. Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Group is exposed to securities price risk on investments held for trading or for medium to longer terms.

The investment in listed equities has been valued at the market price prevailing at balance date. Management of this investment's price risk is by ongoing monitoring of the value with respect to any impairment.

Sensitivity Analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at balance sheet date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Consolidated Group	
	Profit	Equity
Year ended 30 June 2011	\$	\$
+/-1% in interest rates	+/- 32,897	+/- 32,897
Year ended 30 June 2010		
+/-1% in interest rates	+/- 29,316	+/- 29,316

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Net Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term investments in nature whose carrying value is equivalent to fair value.

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	Note	2011 \$	2010 \$
NOTE 25: PARENT ENTITY DISCLOSURES			
(a) Financial Position of Aura Energy Limited			
CURRENT ASSETS			
Cash and cash equivalents		3,226,828	1,160,681
Trade and other receivables		85,259	86,247
TOTAL CURRENT ASSETS		3,312,087	1,246,928
NON-CURRENT ASSETS			
Plant and equipment		26,933	53,327
Financial assets	25(b)	2,244,472	133,432
Other assets		9,495,775	6,666,137
TOTAL NON-CURRENT ASSETS		11,767,180	6,852,896
TOTAL ASSETS		15,079,267	8,099,824
CURRENT LIABILITIES			
Trade and other payables		885,253	228,797
Short term provisions		18,307	16,894
TOTAL CURRENT LIABILITIES		903,560	245,691
TOTAL LIABILITIES		903,560	245,691
NET ASSETS		14,175,707	7,854,133
EQUITY			
Issued Capital		21,074,083	12,681,865
Option Reserve		955,639	859,129
Accumulated Losses		(7,854,015)	(5,686,861)
TOTAL EQUITY		14,175,707	7,854,133

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	2011	2010
NOTE 25: PARENT ENTITY DISCLOSURES (CONT.)	\$	\$

(b) Financial assets

Loans to subsidiaries	243,373	115,025
Shares in controlled entities at cost	2,001,099	18,407
Net carrying value	<u>2,244,472</u>	<u>133,432</u>

(c) Financial Performance of Aura Energy Limited

	2011	2010
	\$	\$
Loss for the year	(2,357,634)	(1,674,207)
Other comprehensive income	-	-
Total comprehensive income	<u>(2,357,634)</u>	<u>(1,674,207)</u>

(d) Guarantees entered into by Aura Energy Limited for the debts of its subsidiaries

There are no guarantees entered into by Aura Energy Limited for the debts of its subsidiaries as at 30 June 2011 (2010: none).

(e) Contingent liabilities of Aura Energy Limited

There are no contingent liabilities as at 30 June 2011 (2010: none).

(f) Commitments by Aura Energy Limited

	2011	2010
	\$	\$
Capital expenditure commitments contracted for:		
Exploration tenement minimum expenditure requirements	<u>978,883</u>	<u>6,894,000</u>
Not longer than 1 year	594,500	1,386,000
Longer than 1 year and not longer than 5 years	384,383	1,270,000
Longer than 5 years	-	4,238,000
Total commitments	<u><u>978,883</u></u>	<u><u>6,894,000</u></u>

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(f) Commitments by Aura Energy Limited (cont.)

	2011	2010
Operating lease commitments:	\$	\$
Operating leases contracted for but not capitalised in the financial statements		
Payable:		
- not later than 12 months	13,000	23,000
- between 12 months and 5 years	21,000	34,000
- greater than 5 years	-	-
Total commitments	34,000	57,000

The amounts noted above are applicable for both Aura Energy Limited (the parent) and the Consolidated Group.

NOTE 26: CONTINGENT LIABILITIES

There are no contingent liabilities as at 30 June 2011 (2010: none).

NOTE 27: COMPANY DETAILS

The registered office of the Company are:

Level 4, 66 Kings Park Road
West Perth WA 6005
Telephone 08 6141 3500
Facsimile 08 6141, 3599
Website: www.auraenergy.com.au
email: info@auraenergy.com.au

The principal places of business are:

Level 4, 66 Kings Park Road
West Perth WA 6005

Suite 3, Level 1
19-23 Prospect Place
Box Hill VIC 3128

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 32 to 70, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards;
 - (b) are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in note 1 to the financial statements; and
 - (c) give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the Company and Consolidated Group.
2. the Chief Executive Officer and Chief Finance Officer have each declared that:
 - (a) the financial records of the Company for the financial year have been properly maintained in accordance with s 286 of the *Corporations Act 2001*;
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view.
3. 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 and is signed for and on behalf of the directors by:

Director

A handwritten signature in black ink, consisting of a large, stylized 'J' followed by a series of loops and a horizontal stroke extending to the right.

JAY STEPHENSON

Dated 30th September 2011, Perth WA

Independent Auditor's Report

To the Members of Aura Energy Limited

We have audited the accompanying financial report of Aura Energy Limited ("the Company") and Controlled Entities ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Company and the Consolidated Entity, comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

**Bentleys Audit & Corporate
(WA) Pty Ltd**

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West Perth WA 6005
Australia

PO Box 44
West Perth WA 6872
Australia

ABN 33 121 222 802

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F +61 8 9226 4300

bentleys.com.au

Directors Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standards AASB 101: *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

- a. The financial report of Aura Energy Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
- b. The financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in directors' report of the year ended 30 June 2011. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Aura Energy Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.



BENTLEYS
Chartered Accountants



RICHARD JOUGHIN CA
Director

DATED at PERTH this 30th day of September 2011

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ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following additional information is required by the Australian Stock Exchange Ltd in respect of listed public companies only.

1 Shareholding as at 28 September 2011

(a) Distribution of Shareholders

Category (size of holding)	Number Ordinary
1 – 1,000	89
1,001 – 5,000	294
5,001 – 10,000	278
10,001 – 100,000	786
100,001 – and over	161
	1,608

(b) The number of shareholdings held in less than marketable parcels is 126.

(c) Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

(d) 20 Largest Shareholders — Ordinary Shares as at 28 September 2011.

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1 UBS NOMINEES PTY LTD	9,275,898	6.78
2 NATIONAL NOMINEES LIMITED	5,696,857	4.16
3 YARANDI INVESTMENTS PTY LTD <GRIFFITH FAMILY NO 2 A/C>	4,629,000	3.38
4 WISEVEST PTY LTD	4,280,000	3.13
5 DRAKE RESOURCES LIMITED	4,110,000	3
6 CITICORP NOMINEES PTY LIMITED	4,038,829	2.95
7 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,652,025	2.67
8 ASHABIA PTY LTD <SUPERANNUATION FUND A/C>	3,200,000	2.34
9 MR MICHAEL BUSHELL	2,812,047	2.06
10 J P MORGAN NOMINEES AUSTRALIA LIMITED	2,481,522	1.81
11 MRS JENNY LEE BUSHELL	2,119,667	1.55
12 DRAKE RESOURCES LIMITED	2,000,000	1.46
13 PERMGOLD PTY LTD <SECKOLD FAMILY S/FUND A/C>	2,000,000	1.46
14 SUVALE NOMINEES PTY LTD	2,000,000	1.46
15 MRS JO-ANNE WEBER	1,595,000	1.17
16 MR DAVID CHRISTOPHER KEMP	1,327,568	0.97
17 COGENT NOMINEES PTY LIMITED	1,302,991	0.95
18 PASAGEAN PTY LIMITED	1,300,000	0.95
19 SAMBOLD PTY LTD <SUNSHINE SUPER FUND A/C>	1,250,000	0.91
20 DAVSLAV PTY LTD	1,200,000	0.88
TOTAL	60,271,404	44.05

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- 2** The name of the Company Secretary is Jay Richard Stephenson.
- 3** The address of the principal registered office in Australia is Level 4, 66 Kings Park Road, West Perth WA 6005. Telephone (08) 6141 3500.
- 4 Registers of securities are held at the following addresses**
- | | |
|-------------------|--|
| Western Australia | Computershare Registry Services
Level 2, 45 St Georges Terrace
PERTH WA 6000 |
|-------------------|--|
- 5 Stock Exchange Listing**
- Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Stock Exchange Limited.
- 6 Unquoted Securities**
- Options over Unissued Shares**
- A total of 3,220,000 options are on issue of which no options are on issue to the six Directors.
- 7 Use of Funds**
- The Company has used its funds in accordance with its initial business objectives.

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TENEMENT REPORT

W.A.		
E69/2658 Disappointed Hill	100%	
E38/1200 Kirgella Rocks	100%	
E69/2245 Neale - Thin	100%	
E39/1221 Ponton	100%	
E53/1245 Porcupine Well	100%	
E38/1920 Tierney Springs	100%	
E58/290 Wondinong Central	100%	
E58/349 Wondinong NE	100%	
M58/357 Wondinong Resource	100%	
Sweden		
Djurkalla nr 1	100%	
Flandern nr 1	100%	
Grässlåten nr 1	100%	
Gurumyren nr 1	100%	
Hackås nr 1	100%	
Hageby nr 1	100%	
Hageby nr 2	100%	
Häggån nr 1	100%	
Häggån nr 2	100%	
Hamborg nr 1	100%	
Hamborg nr 2	100%	
Hara nr 1	100%	
Koborgsmyren nr 1	100%	
Marby nr 1	100%	
Näkten nr 1	100%	
Norrsten nr 1	100%	
Olden nr 2	100%	
Råssnesudden nr 1	100%	
StavlÖsa nr 1	100%	
Stenby nr 1	100%	
Stripa nr 1	100%	
Ullevi nr 1	100%	
Virka nr 10	100%	
Vuoltajaur nr 1	100%	

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**West
Africa**

Ain Sder	100%
Fai Est	100%
Mserif	100%
Oued Chouk	100%
Oued El Foule Est	100%
Oued El Foule Nord	100%
Oued El Merre	100%
Oum Drouss	100%
Oum Ferkik	100%
Saabia	100%
Agueli Essfaya	0%
Tenebdar	0%