

6 October 2011

Aura commences drilling at its Motala shale gas project, Sweden

HIGHLIGHTS

- ▶ **Aura has commenced drilling 3-5 holes in its Motala Project for shale gas**
- ▶ **Aura holds a 100% interest in a substantial landholding of 140 km square kilometres**
- ▶ **Gas-bearing shale between 15 and 25 metres thickness**
- ▶ **Linköping commune has a gas extraction permit immediately east of Aura permits**
- ▶ **Potential additional value to be obtained from established permits**

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

Aura Energy Limited (ASX Code AEE, “Aura”) is pleased to announce that it has commenced drilling at its Motala shale gas project in south-central Sweden.

Aura’s Motala Project covers approximately 140 square kilometres of the Alum Shale, host rock to its giant Häggå uranium resource further north in Sweden. At Motala the shale is much thinner than at Häggå, and is thermally immature.

Aura remains strategically focused on its two key uranium projects, Häggå in Sweden and Reguibat in Mauritania. However increased interest in Europe in shale gas sources has led Aura to review the project’s potential. Considering its proximity to possible markets and prospective geology, Aura is undertaking drilling to gain more information on the Project’s potential value.

The presence of gas from water bores and seeps in the district has been known for many years. Gas flows of up to 50 cubic metres per hour have been reported from drill holes. The Alum Shale in the district has an organic carbon content of up to 20%.

Linköping commune has an extraction permit for shale gas immediately to the east of the Aura permits. In addition local farmers use the gas as a source of heating. Gas is known from several locations within the Aura permits.

Aura’s Managing Director, Dr Bob Beeson, commented: “The shales at Motala are relatively close to surface in comparison with more well known shale gas plays in North America. However, this results in the testing of their potential being low cost and straightforward.”

“The presence of numerous wells with gas flows, and gas seeps, within the Aura permits is very encouraging.”

The Motala district shale gas play is most similar to the Antrim Shale in Michigan, USA. The Antrim Shale is a major source of shale gas. This shale has produced gas since the 1940s.

The Antrim Shale thickness is 20 to 40 metres, and it is exploited at 80-600 metres depths. During the 1990s, the Antrim became the most actively drilled shale gas play in the US, with thousands of wells drilled. To date, the shale has produced more than 2.5 TCF from more than 9,000 wells. In 2007, the Antrim gas field produced 136 billion cubic feet of gas, making it the 13th-largest source of natural gas in the United States.

The Motala Project is located close to Linköping, an industrial city in southern Sweden, which is a possible market for the gas. Sweden imported 1.2 billion cubic metres of gas in 2009.

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