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HIGH HÄGGÅN URANIUM RECOVERY CONFIRMED BY AGITATION BIOLEACHING

HIGHLIGHTS

- ▶ Further encouraging results from second phase of bioleach testwork on Häggån uranium-nickel-vanadium-molybdenum-zinc deposit
- ▶ Trial bench-scale agitation (“tank”) leaching increases uranium extraction to over 90%
- ▶ Significant extractions of other valuable metals also achieved:
 - Molybdenum up to 45%
 - Nickel up to 55%
 - Zinc up to 90%
- ▶ Scope for further increasing extractions by using a finer grind size
- ▶ Second phase of column testwork about to commence

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 Ltd (ASX code: ASX) has received further, very encouraging results from tank bioleach testwork on samples from its giant Häggån uranium deposit in central Sweden (inferred resource estimate 631 million pounds U_3O_8 , exploration target 800-1200 million pounds*).

Results from the first bench-scale agitation bioleach tests have indicated over 90% uranium extraction as well as substantial extractions of other valuable metals.

Aura's Managing Director, Dr Bob Beeson, stated that these results give further support for bioleaching as a potential processing route for the Häggån Project.

"The initial success with bioleaching of the Häggån mineralisation that we reported in July demonstrated that this technology had the potential to extract uranium and other metals.

"The high metal extractions reported today are further encouragement that bioleaching, either by tank leaching or by heap leaching, is a viable option for the project.

"These results continue to positively increase the opportunities for project development," added Dr Beeson.

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 important co-products.

Aura has previously reported that high levels of recovery (up to 93%) of uranium have been obtained from initial bench-scale conventional acid leaching tests.

Bioleach Testwork Overview

Aura commenced bioleaching testwork with the CSIRO, Waterford, working through the renowned Parker Cooperative Research Centre for Hydrometallurgy in Perth, Western Australia, in late 2009. The test program is examining both heap and tank bioleaching options. Results from the latest heap bioleach testwork was reported in July this year. This report refers to the most recent results from agitation (or "tank") bioleaching, applied to samples crushed to -2mm, as a mineral slurry in suspension.

The Alum Shale material at Häggån has characteristics that make it amenable to bioleaching technologies. The high sulphur content, which the bacteria can oxidise to generate acid, and the similarities to ores being processed by bioleaching elsewhere, has been the impetus for this testwork programme.

Bioleaching is advantageous because the bacteria generate acid from the pyrite in the rocks, limiting the need to purchase acid and so greatly reducing project operating costs. Tank leaching, whilst requiring a higher capital cost than heap leaching, offers the opportunity for higher metal extraction which may be sufficient to offset this cost.

Bioleaching is widely used in gold and copper extraction, and is now expanding into other metals such as nickel and uranium. This technology has previously been applied to uranium extraction in Canada and South Korea.

Agitation Bioleach Testwork Objective & Results

The main objectives of these tests were to determine whether naturally occurring bacteria could break down the iron sulphide (pyrite) present to generate sulphuric acid, and whether this acid would aid the extraction of metals. The tests were carried out in small tanks.

The material used for the tests were sample rejects with a two millimetre top size.

The results of the first agitation leach tests support and, as expected, improve upon the extractions reported for the column leach tests which are used to evaluate heap leaching.

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

	New agitation leach	Column leach
Uranium	90%	75%
Nickel	55%	65%
Zinc	90%	60%
Molybdenum	45%	25%

As illustrated by the table above extractions increased from column leach to agitation leach tests, excepting for nickel.

Again the extractions were significantly higher than reference tests without the presence of bacteria. The tests indicated that acidity increased rapidly when the bacteria were added, and extraction was significantly improved for all metals.

It is anticipated that these recoveries will be improved with further tests. One opportunity for improvement is using a finer particle size.

Aura has commenced a programme of similar tests using finer sample material.

For further information contact:

Aura Energy Limited

Pesel & Carr

Jay Stephenson – Company Secretary - 08 9228-0711

Barbara Pesel – 0418 548 808

Häggån Resource Statement

Cutoff U ₃ O ₈ ppm	U ₃ O ₈ Mlb	MoO ₃ Mlb	Ni Mlb	Zn Mlb
100	631	843	1277	1790

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

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

Dr Robert Beeson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking. This qualifies Dr Beeson as a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Robert Beeson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Dr Beeson is a member of the Australian Institute of Geoscientists. Dr Beeson takes responsibility for the requirement of "reasonable prospects for eventual economic extraction" for the reporting of Häggån Resources at the quoted cut-off grades.

The information in this report that relates to Exploration Results, Mineral Resources, or Ore Reserves is based on information compiled by Dr Robert Beeson. Dr Robert Beeson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking. This qualifies Dr Beeson as a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Robert Beeson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Dr Beeson is a member of the Australian Institute of Geoscientists.

**The potential quantity and grade of this target is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource.*