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STRONG POSITIVE ECONOMIC RESULTS CONFIRMED FOR HÄGGÅN – MOVING TO PRE-FEASIBILITY

HIGHLIGHTS

Independent consultants have completed the first Scoping Study for the Häggån Project:

- Scoping study confirms economic viability for bioheap leach project
- Net Present Value (NPV) - US\$1,090M (pre-tax, 10% discount rate)
- Internal Rate of Return (IRR) 47%
- Total life of mine capital costs of US\$769 million, including sustaining capital
- Payback in approximately 4.3 years, or less than a fifth of current project life
- Operating costs of US\$36/lb uranium net of by-products
- Low mining costs - strip ratio of 0.75:1
- Nominal 30 Mtpa operation with a 25 year initial mine life - scope to expand
- Target initial annual production of 6.6 Mlbs uranium, 14.8 Mlbs nickel and 3.6 Mlbs molybdenum; target would place Häggån in the top 10 uranium mining operations
- Sweden - excellent jurisdiction to develop a very long life mining operation
- Similar-sized multi-metal bioheap leach operation in neighbouring Finland
- Next-step: PRE-FEASIBILITY

Aura Energy Ltd (ASX code: ASX) has achieved another major milestone by validating the economic viability of its giant Häggån uranium deposit in central Sweden with excellent results from an independent Scoping Study.

Aura's Managing Director, Dr Bob Beeson stated, "This Scoping Study represents a major step in the growth of the company. We had to be creative with our project development for Häggån and it necessarily took research time to establish a viable extraction technology. This has led to the introduction of bioheap leaching, and it is paying off.

"We also predict that a long term, secure supply of uranium will be very attractive to energy suppliers and consumers. Aura has a massive resource and is now one step closer to building a viable and valuable project."

The project is based on a very extensive, near-flat-lying sheet of mineralisation of between 20 and 230 metres thickness. The current inferred resource estimate contains 631 million pounds U_3O_8 , plus nickel, zinc and molybdenum.

The project lends itself to large scale, low cost open pit mining.

The mineralisation also possesses characteristics for low cost, bioleach metal extraction due to the abundance of sulphur in the mineralisation. Aura has received favourable results from its metallurgical testwork programmes in 2011, confirming good metal extractions for four of the main metals of the mineralisation.

The results to date are from bacterial agitation leach tests and bacterial column leach tests. The column test results to date have been used to evaluate the economics of the heap leaching option.

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

	Agitation leach	Column leach
Uranium	90%	85%
Nickel	55%	65%
Zinc	90%	60%
Molybdenum	45%	25%

These favourable mining and processing results were the basis for Aura progressing to a Scoping Study to evaluate different options for a mining project based on the current information base.

The Scoping Study

The Scoping Study has been completed by the independent consultants RMDSTEM Limited, who have extensive experience of the economic modeling of mining projects.

The consultants were requested to examine a range of options, including conventional agitation leach, bacterial agitation leach, bacterial heap leach, and to consider adding a vanadium extraction module. The results reported here do not include vanadium.

A specialist mining engineering group, Exoro Mine Planning Services, developed pit shells around the resources. From the 1.79 billion tonne inferred resource, the initial conceptual optimisation results, using agitation leach assumptions, gave 741 million tonnes of mineable material. The strip ratio is an attractive 0.75:1.

A pit shell, using heap leach parameters, increased the mineable material to 1.02 billion tonnes. This amount of material is a conversion rate from resources of almost 60 per cent. The resultant strip ratio is 0.65:1.

The scoping study assumes a throughput of 30 million tonnes per year but uses the smaller pit shell so that the economics of agitation and heap leaching can be properly compared; this gives an initial mine life of 25 years.

Other assumptions used for the model include:

- Metal recoveries as indicated for bioleaching options above, and for other options in reports by ANSTO and the Parker Cooperative Research Centre for Hydrometallurgy
- Metal prices: U_3O_8 - US\$65/lb, Ni - US\$7.9/lb, MoO_3 - US\$14.0/lb
- Zinc and vanadium recovery have not been accounted for in the models

For the bacterial heap leach option operating and capital costs were assumed by the independent consultants to be:

- Operating costs of approximately US\$8.1/t
- Capital costs, including sustaining capital, of US\$769M

The Scoping Study results

The bacterial heap leach option gave a robust, positive Net Present Value (NPV) at a 10 per cent discount rate. This offered by far the best return among the alternatives.

The main outcomes from the bacterial heap leach option are:

- **Pre-Tax NPV in the range US\$228M to US\$2,780M (with a most likely value of US\$1,090M), based on uranium price range of US\$35-65/lb U₃O₈, and a fixed discount rate of 10%.** The key factors influencing the NPV are U₃O₈ price, uranium heap leach recovery, ore U₃O₈ head grade, mining rate and heap leach operating cost. The uncertainty (expressed as a range of values) associated with these factors results in the NPV being in the range given above.
- Similarly the IRR range for the project is 18 – 64% (a most likely value of 47%).
- Initial pit shells contain >741 million tonnes of mineralisation, with much of the prospective area remaining in the tenements undrilled
- Nominal 30 million tonnes per year operation with a 25 year initial mine life
- Low mining costs with strip ratio of 0.75:1
- Target initial production of 6.6Mlbs (2995t) uranium, 14.8 Mlbs nickel and 3.6 Mlbs molybdenum
- Operating costs of US\$36/lb uranium net of by-products
- Payback in 4.3 years, or 17% of the project life
- Uses low risk bioheap leach technology used extensively for many decades in the copper industry in Chile and elsewhere
- Similar-sized successful multi-metal bioheap leach operation on alum shales at Talvivaara in neighbouring Finland

The project is robust because of the low capital and operating costs relative to cash flow generated.

Dr Bob Beeson said that Aura was extremely pleased with the outcomes of the Scoping Study. “Aura has now demonstrated that it possesses an exceptional uranium project – vast size, material that can be readily mined and processed, and located in a stable, developed country with a long history of mining.

“The Alum Shales that are the basis of the Häggån Project have previously been considered to be a high cost source of uranium. The Scoping Study has confirmed our theories, validating the project as a potentially low cost uranium producer.

”A project of the dimensions defined by the independent consultants in the Scoping Study would be in the top 10 uranium producing operations in the world, and in the lower part of the cost curve.

“As a result of very large amount of mineralisation already identified, there is also significant potential to increase the throughput for the project, and increase the metal output and cash margin,” stated Dr Beeson.

Considerable opportunities exist to move the project towards the upper part of the valuation range. These opportunities include optimising the mining rate, lower cost mining options, reduced crushing, and improved metal extraction. These will be assessed during the next phase of the project.

Aura next objective is to advance the project into a pre-feasibility study this year. Planning for this has already commenced.

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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.

HÄGGÅN RESOURCE STATEMENT

Cutoff U ₃ O ₈ ppm	Tonnes, Bn ¹	U ₃ O ₈ ppm	MoO ₃ ppm	Ni ppm	Zn ppm
100	1.79	160	214	324	454

Competent Persons for Häggån Resource

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.

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¹ Billion