



Quarterly Activities Report

For the period ended 31 December 2012

Aura Energy (ASX:AEE)

Headquartered in Melbourne and listed on the ASX, Aura Energy (AEE) is an explorer and developer of uranium assets. The company has advanced uranium projects with large resources that are close to the surface in both Europe and Africa and also has a resource in Australia. Aura holds a total of 688 million pounds (312,071 tonnes) uranium in inferred resources. Its two main projects include: 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 completing feasibility studies on these two projects.



Market cap:	A\$26.2m (16c)
Cash position (31 Dec):	\$1.3 million
Shares:	164 million
Options:	7.2 million

Main shareholders

Technical Investing	7.15%
Kinetic Partners	6.93%

Melbourne Office

Level 1, 19-23 Prospect Street
Box Hill, VIC 3128, Australia

Tel: +61 (0)3 9890 1744
Fax: +61 (0)3 9890 3411

Perth Office

Level 4, 66 Kings Park Road
West Perth, WA 6006, Australia

Tel: +61 (0)8 6141 3570
Fax: +61 (0)8 6141 3599

Email: info@auraenergy.com.au

Website: www.auraenergy.com.au

HIGHLIGHTS

- ▶ Aura holds 853 Mlbs of uranium in inferred resources at its two main projects, Häggån (Sweden) and Reguibat (Mauritania)
- ▶ 851 million pounds of the uranium resources are held 100% by Aura Energy

Häggån Project, Sweden

- ▶ The company is continuing its development of its funding and development options through a strategic review
- ▶ Initial Exclusivity Agreement signed with potential strategic partner in August 2012
- ▶ New proposal received in October from second party
- ▶ Second party continuing its Due Diligence on the Project
- ▶ Plan to negotiate definitive documentation in parallel to the Due Diligence process
- ▶ Häggån inferred resource expanded to 803 million pounds U_3O_8 at a grade of 160ppm
- ▶ Additional exploration target* of 440 to 840 million pounds U_3O_8 defined, demonstrating potential for significant additional resource increases
- ▶ Work continues on pre-feasibility study planning

Mauritania, West Africa

- ▶ Removal of coarse material of Reguibat mineralisation increases grade of the product by a factor of three to 1,068ppm U_3O_8
- ▶ Opportunity for significantly reducing material volume and increasing uranium grade, which may lead to reduced capital and operating costs

*This potential quantity and grade is conceptual in nature and there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.

HÄGGÅN PROJECT, SWEDEN (AURA 100%)

Häggån is a very large uranium project in Central Sweden, where commercial forestry has been carried out for generations. Sweden has a current and active mining industry, with a clear regulatory position and a well-established path from exploration to mining.

The Häggån resource of 803 million pounds uranium places it in the top two largest undeveloped uranium resources that are compliant with ASX or TSX requirements.

Corporate

Aura Energy appointed leading independent Australian investment bank Gresham Advisory Partners to act as corporate advisor to Aura in connection with a review of funding and development options for its flagship Häggån project in Sweden.

The company was encouraged by the widespread interest shown in the Häggån project by a range of strategic and financial investors.

After thoroughly reviewing the alternatives with the assistance of its advisers, the company signed an initial Exclusivity Agreement with a major uranium market participant, in respect of a potential strategic partnership which would provide funding for further feasibility work at Häggån, in return for equity in the project.

Subsequently, an unsolicited proposal was received from a second potential partner, which the Board has assessed to be superior. The second party is also a major uranium market participant.

Consistent with the fiduciary carve-out contained in the original Exclusivity Agreement, the Board has engaged with the second participant in relation to the New Proposal.

The second party is continuing its due diligence investigations, and the company is seeking to negotiate definitive documentation in relation to the New Proposal in parallel with the Due Diligence process.

If agreed, the formation of the Strategic Partnership would provide funding for further feasibility work at Häggån, in return for equity in the project.

Updated Inferred Resources

Aura's resource consultants, H&SC, used all available drill hole data obtained by Aura since 2008 to estimate the resources at Häggån and Marby. The estimates at Häggån are based on 66 vertical diamond drill holes totalling 13,078 metres and those at Marby are based on 10 vertical diamond drill holes totalling 2,249 metres. Häggån has been drilled on a nominal 400 by 400 metre grid. The Marby mineralisation has been drilled on an irregular grid.

Based on all of the Häggån assay data collected to date, H&SC has established a total resource estimate for the deposit reported in accordance with the JORC (Joint Ore Reserves Committee) 2004 Code and Guidelines. H&SC has used the method of ordinary block kriging to estimate grade and tonnage and considers that the drilling density and assay quality is of a standard that qualifies the estimate as an Inferred Resource.

The total resource estimates for the Häggån and Marby permits are summarised in Table 1.

U ₃ O ₈ (100ppm Cutoff)	Tonnes (Bt)	U ₃ O ₈ (ppm)	Mo (ppm)	V (ppm)	Ni (ppm)	Zn (ppm)
Inferred	2.35	155	207	1,519	316	431

*Table 1: Inferred Resources for the Häggån Project
(Bt = billion tonnes)*

Contained metal contents for the Inferred Resource for the results in Table 1 are provided in Table 2. Tonnage figures in the tables of resources have been rounded and the use of significant figures for grades and contained metal do not imply precision.

U ₃ O ₈ (100ppm Cutoff)	U ₃ O ₈ (Mlbs)	Mo (Mlbs)	V (Mlbs)	Ni (Mlbs)	Zn (Mlbs)
Inferred	803	1,070	7,860	1,640	2,230

Table 2: Contained metal in Inferred Resources for the Häggån Project

Figure 1 below shows the location of the Häggån Project area (including Marby) and its location in Sweden.

Exploration Target

H&SC have also provided Aura with an Exploration Target based on completed drilling that is not of sufficient drill density to be included as Inferred Resources. This potential quantity and grade is conceptual in nature and there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.

This information provides the Company with an indication of the uranium potential in those areas that have experienced reconnaissance drilling. These

results demonstrate the likelihood of considerable amounts of uranium and other metals that are within the project over and above the resource estimates given above.

These Exploration Targets are extremely encouraging and indicate that, with additional drilling, the resource base may increase by almost 100%. This potential quantity and grade is conceptual in nature and there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.

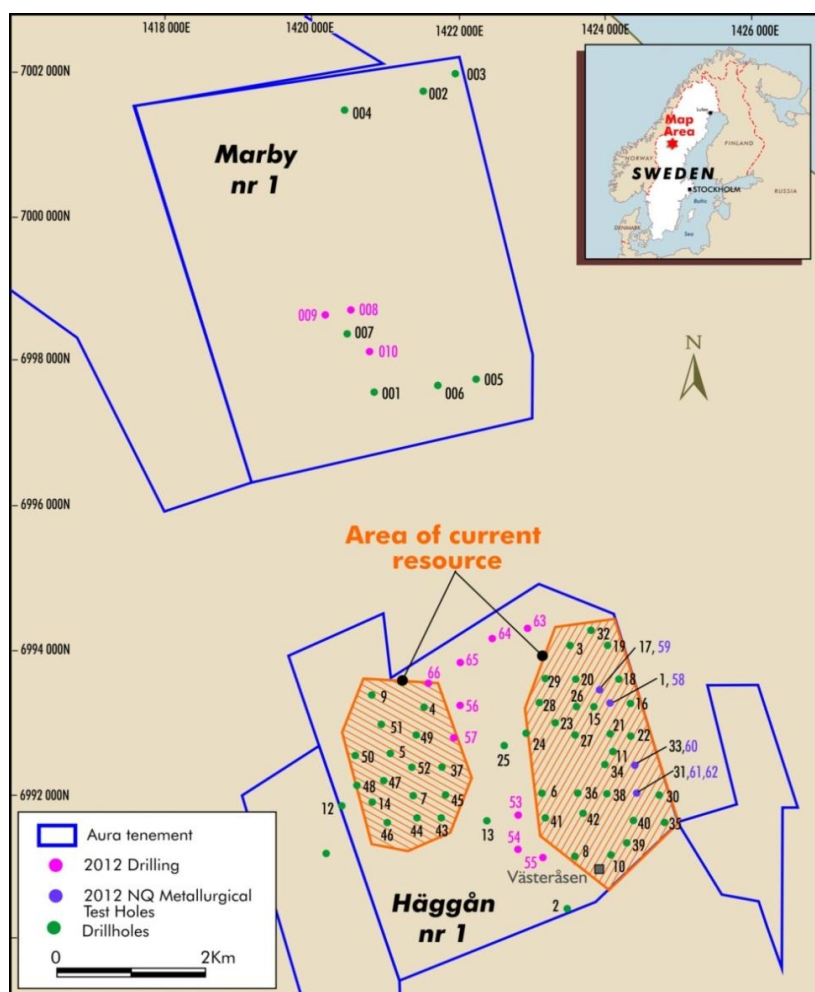


Figure 1: Aura Häggån Project 2012 drill holes

U ₃ O ₈ Cutoff (g/t)	Tonnes (Bt)	U ₃ O ₈ (g/t)	Mo (g/t)	V (g/t)	Ni (g/t)	Zn (g/t)
100	1.0-2.0	150-160	200-210	1450-1600	310-330	430-450

Table 3: Häggån Permit, Exploration Target

U ₃ O ₈ Cutoff (g/t)	Tonnes (Bt)	U ₃ O ₈ (g/t)	Mo (g/t)	V (g/t)	Ni (g/t)	Zn (g/t)
100	0.3-0.7	125-138	165-185	1140-1275	240-270	340-380

Table 4: Marby Permit, Exploration Target

These tonnages and grades convert to the following amounts of metal in millions of pounds:

U ₃ O ₈ Cutoff (ppm)	U ₃ O ₈ (Mlb)	Mo (Mlb)	V (Mlb)	Ni (Mlb)	Zn (Mlb)
100	350-650	450-900	3200-7000	650-1450	950-1950

Table 5: Häggån Permit, Exploration Target contained metal

Mlb = Million pounds

U ₃ O ₈ Cutoff (ppm)	U ₃ O ₈ (Mlb)	Mo (Mlb)	V (Mlb)	Ni (Mlb)	Zn (Mlb)
100	90-190	120-250	850-1750	200-350	250-550

Table 6: Marby Permit, Exploration Target contained metal

Mlb = Million pounds

Comparison with other Uranium Resources

The resource, using a 100ppm U₃O₈ cutoff, gives the Häggån Project a contained uranium content of 800 million pounds. This resource places Häggån in the top two largest undeveloped uranium resources reported in compliance with ASX or TSX requirements.

Drilling that has been used in this resource statement covers only 25% of Aura's permit areas at Häggån. The majority of Aura's permits in the district remain untested.

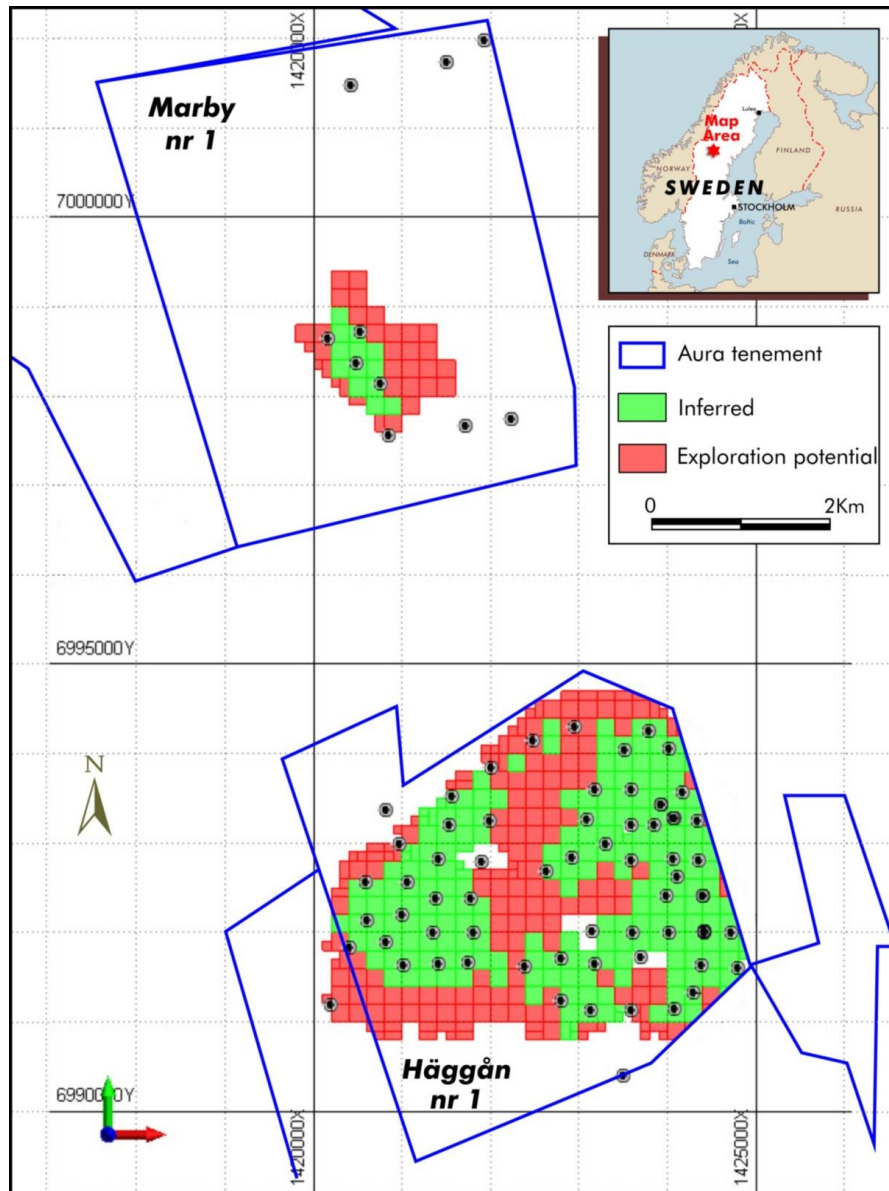


Fig. 2: Map of the Häggån Project area showing the distribution of Inferred Resources (green) and areas of Exploration Potential (red)

WEST AFRICAN ACTIVITIES

Aura has been active in the uranium provinces of West Africa since 2007. It currently holds tenements and joint ventures in Mauritania and three exploration permit applications in the uranium bearing Tim Merso Basin in Niger.

Mauritania

Mauritania has a developed mining industry, a government keen to attract foreign investment, a stable business environment, and extensive good quality geological, geophysical and geochemical databases. It has also been the centre of significant corporate transactions across a range of commodities. Uranium discoveries in northern Mauritania confirm that this is an emerging uranium province.

REGUIBAT PROJECT

The Reguibat Project comprises several laterally extensive developments of calcrete uranium mineralisation in northern Mauritania and has been subject to two drilling programmes. An Inferred Resource of 50.2 million pounds at 330ppm U_3O_8 at a cut-off grade of 100ppm U_3O_8 was established in July 2011. 48.9 million pounds of this resource are contained in permits 100 per cent held by Aura.

Upgrading of resource grade by sieving

Preliminary wet scrubbing tests on a sample from Aura's Reguibat calcrete uranium resource in northern Mauritania have indicated that the deposit grade can be very readily upgraded by a factor of three.

The sample tested was from the Oued El Foule Est deposit. It was a channel sample taken from the wall of a pit, from 0.5 to 1.0m below surface, and is typical of the material encountered throughout the Reguibat deposits. The principal uranium mineral present is carnotite.

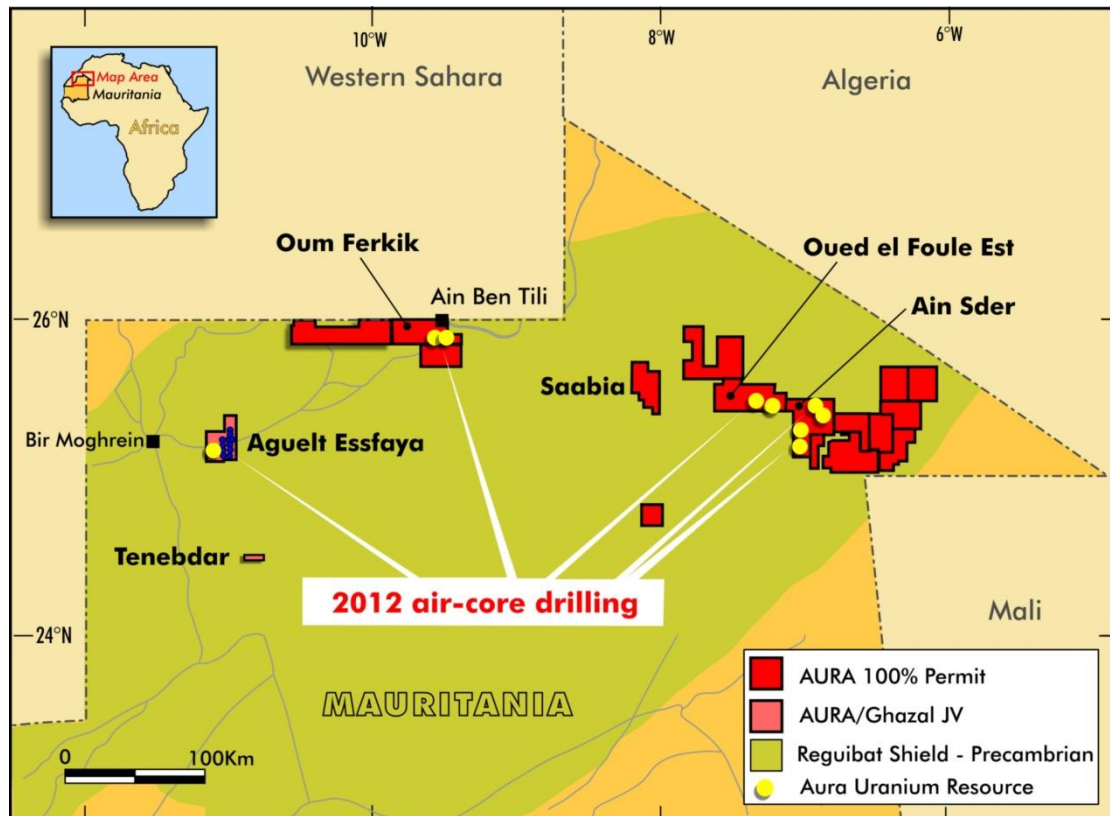


Fig. 3: Location of Oued el Foule Este where the sample was taken

The sample was tumbled in water at 50% solids in a 4-litre jar. After four hours, it was wet screened and the screen fractions were then sampled and assayed.

This result indicates that, by screening at 300µm, 75% of the plant feed could be rejected to waste in a simple preliminary scrubbing plant, with a recovery of over 90% of the uranium. The remaining plant feed will be upgraded over three times to 1,068 ppm U_3O_8 .

If similar results can be demonstrated across the resource, the economics of a future operation will be dramatically enhanced. The size of leaching plant required could potentially be reduced by two thirds, with major capital cost savings.

The test result is supported by the results of some earlier scrubbing work on non-representative samples from the Ain Sder Deposit at various depth intervals, which gave similar waste rejection and upgrading of uranium.

There is evidence that the uranium recovery in a commercial scrubbing unit will be greater than the test indicates.

WESTERN AUSTRALIA YILGARN CALCRETE PROJECTS

Wondinong (E58/290) and Wondinong NE (E58/349, Aura 100%)

The Wondinong project area covers a broad, sedimentary deltaic environment at the eastern end of Lake Austin where Aura Energy has defined an Inferred Resource of seven million pounds uranium above a lower cut-off grade of 100ppm U_3O_8 compliant under the JORC code.

During first quarter 2012, Aura began the formal process of negotiating an agreement with the registered native title claimants prior to submission of Mining Lease application 58/359 covering a major part of the uranium resource within the central area of E58/290 at Wondinong.

Previous exploration results have shown that there is potential to increase the uranium resource base and extend the limits of known mineralisation outside Mining Lease application 58/359. A revised program comprising 800 metres of additional shallow aircore drilling has been proposed to explore for and test any possible extension of the resource into areas of E58/290 and E58/349.

Competent Persons for Häggån Resource

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.

Mr. Arnold van der Heyden takes responsibility for estimation of uranium and associated metals in the Häggån Resource. Mr. van der Heyden is a director of H&SC and is a competent person in the meaning of JORC having had around thirty 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. van der Heyden 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 Cutoff	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

Competent Persons for Reguibat Resource

The Competent Person for the Reguibat 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.

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.