



ABN 62 115 927 681

INTERIM FINANCIAL REPORT for the half-year ended 31 December 2012

The information contained in this report is to be read in conjunction with Aura Energy Limited's 2012 annual report and announcements to the market Aura Energy Limited during the half-year period ending 31 December 2012

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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Facsimile: +61 (0)8 6141 3599
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 Securities Exchange

ASX Code – AEE

Website: www.auraenergy.com.au

AURA ENERGY LIMITED

AND CONTROLLED ENTITIES

ABN 62 115 927 681

INTERIM FINANCIAL REPORT 31 DECEMBER 2012

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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 half-year ended 31 December 2012.

Directors

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

Mr Brett Fraser
Dr Bob Beeson
Mr Jay Stephenson
Mr Simon O'Loughlin
Mr Leigh Junk
Mr Julian (Jules) Perkins

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

Review of Operations

The Group continued to formulate its funding and development options through a strategic review.

Häggån Project, Sweden

An Initial Exclusivity Agreement was signed with potential strategic partner in August 2012, with another proposal received in October from a second party. The Board has continued to negotiate definitive documentation in parallel to the Due Diligence process undertaken by the second party.

From continued activities, the Group has succeeded in expanding the Häggån inferred resource to 803 million pounds U3O8 at a grade of 160ppm. The Group has also identified a potential, additional exploration target¹ of 440 to 840 million pounds U3O8 defined, demonstrating a potential for significant additional resources.

Häggån Project - Events Subsequent to Half-Year End

Subsequent to 31 December 2012, Aura entered into a binding Co-operation Agreement with Areva Mines SA (Areva). Under the terms of the Co-operation Agreement, Areva will undertake an agreed work program in relation to the Häggån Project over an initial 4 month period.

Key to the selection of Areva as a strategic partner for the Häggån Project was Areva's leading position in the uranium mining industry. This relationship will assist the Group in the development of Häggån on which Aura plans to begin a pre-feasibility study by the end of 2013. Areva's interest in Häggån is a strong sign of support and we look forward to establishing a productive working relationship.

During the period of the Co-operation Agreement, Aura and Areva will work to finalise a pre-feasibility study work program, and conclude the terms of an Option Agreement and Joint Venture Agreement under which Areva may acquire an interest in the Häggån. It is Aura's intention that Areva's interest will be earned in stages and will be conditional on paying an option fee and sole-funding expenditure towards the pre-feasibility study.

Mauritania, West Africa

The Group began metallurgical test-work on Reguibat mineralisation. Simple screening out of coarse material increased the grade to 1,068ppm U3O8. If applicable to the whole resource, this process could significantly reduce the capital and operating costs of a future plant.

As part of the Board's strategic review, during the period the Group also relinquished the Mauritania assets including Oum Dross and Oued Chouk. These assets were consequently written off to the value of \$401,690.

¹ 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.

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DIRECTORS' REPORT

Western Australia

Further to the Board's strategic review, during the period the Group also relinquished the West Australian assets including Kirgella Rocks and Porcupine Well. These assets were consequently written off to the value of \$361,191.

Corporate

During the half-year, the Group undertook a placement of 9,090,909 shares to raise \$1,000,000 (before costs).

Operating Result

The consolidated loss for the half-year amounted to \$1,558,369 (December 2011:\$1,095,213). The increase is wholly attributable to the aforementioned write-off of exploration assets.

Financial Position

The net assets of the Group have decreased by \$291,338 from 30 June 2012 to \$15,929,569 at 31 December 2012. As at 31 December, the Group's cash and cash equivalents decreased from 30 June 2012 by \$433,164 to \$1,292,348.

Auditor's Independence Declaration

The lead auditor's independence declaration for the half-year ended 31 December 2012 has been received and can be found on page 4 of the half-year report.

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



BRETT FRASER

Chairman

Dated this 8th Day of March 2013

To the Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the review of the financial statements of Aura Energy Limited for the half year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully



BENTLEYS
Chartered Accountants



RANKO MATIĆ CA
Director

DATED at PERTH this 8th day of March 2013

AURA ENERGY LIMITED

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INTERIM FINANCIAL REPORT 31 DECEMBER 2012**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

	Note	Consolidated Group	
		31 December 2012 \$	31 December 2011 \$
Revenue		18,471	69,055
Other income		843	-
Foreign exchange (loss)/gain - realised		(1,111)	-
		18,203	69,055
Accounting and audit fees		(1,725)	(52,759)
Business development		(3,298)	(11,003)
Computers and communications		(28,043)	(14,812)
Depreciation		(8,016)	(7,191)
Employee benefits		(329,453)	(352,327)
Insurance		(27,855)	(24,912)
Legal and consulting fees		(273,933)	(218,649)
Public relations		(115,381)	(82,299)
Rent and utilities		(62,310)	(60,195)
Share-based payments		(144,225)	(83,559)
Share registry and listing fees		(48,712)	(45,284)
Travel and accommodation		(28,422)	(37,725)
Write-off capitalised exploration		(763,722)	(117,093)
Other expenses		(23,085)	(56,460)
Loss before income tax		(1,839,977)	(1,095,213)
Income tax benefit		281,608	-
Loss from continuing operations		(1,558,369)	(1,095,213)
Other Comprehensive Income			
- <i>Items that will not be reclassified subsequently to profit or loss</i>		-	-
- <i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency movement		172,806	(4,992)
Other comprehensive income for the year, net of tax		172,806	(4,992)
Total comprehensive income attributable to members of the parent entity		(1,385,563)	(1,100,205)
Earnings per Share:			
Basic loss per share (cents per share)		(0.96)	(0.81)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	Note	Consolidated Group	
		31 December	30 June
		2012	2012
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		1,292,348	1,725,512
Trade and other receivables		91,171	244,949
Other		18,095	-
TOTAL CURRENT ASSETS		1,401,614	1,970,461
NON-CURRENT ASSETS			
Plant and equipment		16,289	21,943
Exploration and evaluation assets		14,965,041	14,714,507
TOTAL NON-CURRENT ASSETS		14,981,330	14,736,450
TOTAL ASSETS		16,382,944	16,706,911
CURRENT LIABILITIES			
Trade and other payables		410,052	442,681
Short term provisions		43,323	43,323
TOTAL CURRENT LIABILITIES		453,375	486,004
TOTAL LIABILITIES		453,375	486,004
NET ASSETS		15,929,569	16,220,907
EQUITY			
Issued capital		26,673,535	25,723,535
Reserves		902,751	579,036
Accumulated losses		(11,646,717)	(10,081,664)
TOTAL EQUITY		15,929,569	16,220,907

The accompanying notes form part of these financial statements.

AURA ENERGY LIMITED

AND CONTROLLED ENTITIES

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INTERIM FINANCIAL REPORT 31 DECEMBER 2012**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

Consolidated Group	Issued Capital	Accumulated Losses	Options Reserve	Foreign Exchange Translation Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2011	21,074,083	(7,930,934)	955,639	(32,244)	14,066,544
Loss for the year	-	(1,095,213)	-	-	(1,095,213)
Other comprehensive income for the year	-	-	-	(4,992)	(4,992)
Total comprehensive income for the year	-	(1,095,213)	-	(4,992)	(1,100,205)
Transaction with owners, directly in equity					
Shares issued during the year	-	-	-	-	-
Transaction costs	-	-	-	-	-
Options expired during the year	-	-	-	-	-
Options exercised during the year	1,468,375	-	(431,550)	-	1,036,825
Options issued during the year	-	-	83,559	-	83,559
Balance at 31 December 2011	22,542,458	9,026,147	607,648	(37,236)	14,086,723
Balance at 1 July 2012	25,723,535	(10,081,664)	625,968	(46,932)	16,220,907
Loss for the year	-	(1,558,369)	-	-	(1,558,369)
Other comprehensive income for the year	-	-	-	172,806	172,806
Total comprehensive income for the year	-	(1,558,369)	-	172,806	(1,385,563)
Transaction with owners, directly in equity					
Shares issued during the year	1,000,000	-	-	-	1,000,000
Transaction costs	(50,000)	-	-	-	(50,000)
Transfers to / from reserves	-	(6,684)	-	6,684	-
Options expired during the year	-	-	-	-	-
Options exercised during the year	-	-	-	-	-
Options issued during the year	-	-	144,225	-	144,225
Balance at 31 December 2012	26,673,535	(11,646,717)	770,193	132,558	15,929,569

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

Note	31 December 2012 \$	31 December 2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	843	7,972
Interest received	18,471	43,623
Payments to suppliers and employees	(876,810)	(871,638)
Payments for exploration expenditure	(793,230)	(1,402,243)
Income tax received for Research & Development	281,608	-
Net cash used in operating activities	(1,369,118)	(2,222,286)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(2,361)	(2,700)
Repayment of loan for acquisition of subsidiary	-	(491,014)
Net cash used in investing activities	(2,361)	(493,714)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	945,000	1,035,000
Net cash provided by financing activities	945,000	1,035,000
Net increase/(decrease) in cash held	(426,480)	(1,681,000)
Cash at beginning of period	1,725,512	3,289,774
Effect of exchange rate changes on cash and cash equivalents	(6,684)	-
Cash at end of period	1,292,348	1,608,774

The accompanying notes form part of these financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

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 financial statements were authorised for issue on 8 March 2013 by the directors of the Company.

Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of Preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Aura Energy Limited and controlled entities. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in combination with the annual financial statements of the Group for the year ended 30 June 2012, together with any public announcements made during the half-year.

Going Concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group incurred a loss for the half year of \$1,558,369 and net cash outflows of \$426,480.

The ability of the Group to continue as a going concern is principally dependent upon the ability of the Group to secure funds by raising capital from equity markets or by other means, and by managing cash flows in line with available funds, and / or the successful development of the Group's exploration assets. Should the above matters not be achieved; the Group will be required to raise funds for working capital from debt or equity sources.

Based upon cash flow forecasts and other factors referred to above, the Board of Directors are satisfied that the going concern basis of preparation is appropriate, including the meeting of exploration commitments. In addition, given the Group's history of raising funds to date, the directors are confident of the Group's ability to raise additional funds as and when they are required.

Should the Group be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements.

The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to the matters discussed below.

(a) Critical Accounting Estimates and Judgments

The critical estimates and judgements are consistent with those applied and disclosed in the 30 June 2012 annual report, with the exception of the following:

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. The carrying value of capitalised expenditure at reporting date is \$14,965,041.

During the financial year, the Group undertook assessment of its tenement assets. As a result of this assessment, the Group decided to write-off some of its exploration assets. Refer Note 2.

(b) New and Revised Accounting Requirements Applicable to the Current Half-Year Reporting Period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current half year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- Amendments to AASB 1, 5, 7, 101, 112, 120, 121, 132, 133 and 134 as a consequence of AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income'

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior half-years. However, the application of AASB 2011-9 has resulted in changes to the Group's presentation of, or disclosure in, its half-year financial statements.

Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income. The amendments also require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. The amendments have been applied retrospectively and the application of the amendments to AASB 101 do not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012****NOTE 2. EXPLORATION AND EVALUATION ASSETS****NON-CURRENT**

Exploration expenditure capitalised

Exploration and evaluation phases at cost

Other

Add: Effect of exchange rate changes on exploration and evaluation assets

Less: Exploration expenditure written-off

Net carrying value

31 December 2012 \$	30 June 2012 \$
15,522,392	15,152,108
-	1,168
205,945	
(763,296)	(438,769)
14,965,041	14,714,507

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 jurisdictional equivalent), or contain sacred sites, or sites of significance to the indigenous people of Australia, Sweden, and Mauritania.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 3. ISSUED CAPITAL

The Company has issued share capital amounting to 168,713,449 (June 2012: 159,622,540) fully paid ordinary shares at no par value.

31 December 2012 \$	30 June 2012 \$
26,673,535	25,723,535

(a) Ordinary shares

At the beginning of the reporting period

Shares issued during the year:

4,500,000 Shares issued on 1 September 2011

9,090,909 Shares issued on 9 November 2012

Transfer from Options Reserve for options exercised

Transaction costs relating to share issues

At reporting date

31 December 2012 \$	31 December 2011 \$
25,723,535	21,074,083
-	1,035,000
1,000,000	-
-	-
-	431,550
(50,000)	(507,633)
26,673,535	22,033,000

At the beginning of the reporting period

Shares issued during the year:

4,500,000 Shares issued on 1 September 2011

9,090,909 Shares issued on 9 November 2012

At reporting date

31 December 2012 No.	31 December 2011 No.
159,622,540	132,312,068
-	4,500,000
9,090,909	-
168,713,449	136,815,068

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

The total number of options on issue are as follows:

Listed options

Unlisted options

31 December 2012 No.	30 June 2012 No.
32,789,218	-
7,145,000	7,145,000
39,934,218	7,145,000

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012****NOTE 4. EVENTS SUBSEQUENT TO REPORTING DATE**

In January 2013, the Group issued 3,000,000 options as consideration for services provided in respect to corporate promotion.

In February 2013 the Group signed a Cooperation Agreement with Areva Mines SA, a major uranium 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. The Agreement is for a term of 4 months, extendable to 6 months.

There are no other significant after balance date events that are not covered elsewhere in this Interim Financial Report

NOTE 5. 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 rented office space from Jay Stephenson until May 2012

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.

The Group also reimburses Wolfstar for the Group's share of shared services.

James Merrillees

Drake Resources Limited provides the services of James Merrillees to Aura Energy Limited, recharging for his salary and superannuation on a cost basis. The fees for the previous half-years were recharged in the second half of the 2012 financial year.

RRI Trust

Mr Perkins provides metallurgical consulting services to the Group that is charged through the RRI Trust, being a trust associated with Mr Perkins.

	31 December 2012 \$	31 December 2011 \$
	-	5,400
	49,809	45,000
	52,250	-
	23,087	29,456

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 6. OPERATING SEGMENTS

(1) Segment Performance

Half-Year ended 31 December 2012	Australian Exploration \$	Swedish Exploration \$	African Exploration \$	Treasury \$	Total \$
Segment Revenue	-	-	843	18,471	19,314
Segment Results	(361,191)	-	(401,690)	18,471	(744,410)
Amounts not included in segment results but reviewed by Board:					
<i>Expenses not directly allocable to identifiable segments or areas of interest</i>					
- Accounting and audit fees					(1,725)
- Employee benefits expense					(329,453)
- Legal and consulting					(273,933)
- Public relations					(115,381)
- Rent and utilities					(62,310)
- Travel and accommodation					(28,422)
- Depreciation					(8,016)
- Share-based payment expenses					(144,225)
- Other unallocated expenses					(132,102)
- Tax rebate for Research & Development					281,608
Loss after Income Tax					1,558,369

Half-Year ended 31 December 2011	Australian Exploration \$	Sweden Exploration \$	African Exploration \$	Treasury \$	Total \$
Segment Revenue	7,246	-	-	61,809	69,055
Segment Results	(14,341)	(80,595)	(14,910)	61,809	(48,037)
Amounts not included in segment results but reviewed by Board:					
<i>Expenses not directly allocable to identifiable segments or areas of interest</i>					
- Accounting and audit fees					(52,759)
- Employee benefits expense					(352,327)
- Legal and consulting					(218,649)
- Public relations					(82,299)
- Rent and utilities					(60,195)
- Travel and accommodation					(37,725)
- Depreciation					(7,191)
- Share-based payment expenses					(83,559)
- Other unallocated expenses					(152,472)
Loss after Income Tax					(1,095,213)

AURA ENERGY LIMITED

AND CONTROLLED ENTITIES

ABN 62 115 927 681

INTERIM FINANCIAL REPORT 31 DECEMBER 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 6. OPERATING SEGMENTS

(2) Segment Assets

	Australian Exploration \$	Sweden Exploration \$	African Exploration \$	Treasury \$	Total \$
Opening balance 1 July 2012	1,259,561	6,428,920	7,024,858	1,725,512	16,438,851
Additions	41,013	333,096	434,529	-	808,638
Disposals	(361,191)	-	(401,690)	(307,609)	(1,070,490)
Effect of exchange rate changes	-	205,945	-	-	205,945
Closing balance at 31 December 2012	939,383	6,967,961	7,057,697	1,417,903	16,382,944

NOTE 7. CONTINGENT LIABILITIES

The Group has a contingent consideration of US\$2,000,000 to the vendors of GCM Africa Uranium Limited if the uranium resource it holds 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.

There are no other contingent liabilities as at 31 December 2012 (30 June 2012: none).

NOTE 8. COMPANY DETAILS

The registered office of Aura Energy Limited is:

Address:

Street: Level 4, 66 Kings Park Road
West Perth WA 6005

Postal: PO Box 52
West Perth WA 6872

Telephone: +61 (0)8 6141 3570

Facsimile: +61 (0)8 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 5 to 15, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standard AASB 134: *Interim Financial Reporting*; and
 - (c) give a true and fair view of the financial position as at 31 December 2012 and of the performance for the half-year ended on that date of the Consolidated Group.
2. 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:



BRETT FRASER

Chairman

Dated this 8th Day of March 2013

Independent Auditor's Review Report

To the Members of Aura Energy Limited

We have reviewed the accompanying half-year financial report of Aura Energy Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the consolidated statement of financial position as at 31 December 2012, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Aura Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independent Auditor's Review Report

To the Members of Aura Energy Limited (Continued)



Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Aura Energy Limited and Controlled Entities is not in accordance with the Corporations Act 2001 including:

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to the financial report which indicates that the Consolidated Entity incurred a net loss of \$1,558,369 during the half-year ended 31 December 2012. This condition, along with other matters as set forth in note 1, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

BENTLEYS
Chartered Accountants

RANKO MATIĆ CA
Director

DATED at PERTH this 8th day of March 2013

