

16 July 2014

REGUIBAT URANIUM PROJECT SCOPING STUDY COMPLETE

STUDY HIGHLIGHTS STRONGLY POSITIVE ECONOMICS

LOW CAPEX, LOW OPEX PROJECT PRODUCING UP TO 1 MLBS PER ANNUM

PROJECT PRODUCES OVER A\$350 MILLION PRE-TAX CASHFLOW

Aura Energy Limited (AEE-ASX) is pleased to announce that a key milestone in the development of the Reguibat Uranium Project, Mauritania has been achieved with the completion of the Reguibat Scoping Study, which has demonstrated that the Project will generate a high return with strong long term cash flows.

This preliminary Scoping Study of Reguibat has confirmed an extremely robust Project with very shallow mineralisation upgraded via simple beneficiation to high-grade leach feed. This results in a leach plant processing a low annual tonnage and achieved with low upfront capital and low operating costs.

With beneficiation resulting in leach feed upgrades of up to 700% the Reguibat Scoping Study was designed to provide a cost effective project of a small initial scale, a small footprint and a low infrastructure requirement. Significantly, a water study by Golders has indicated that potential sources of water in the immediate vicinity will satisfy the demands of the project.

Importantly the Study, which indicates 11 million pounds of uranium will be produced over an initial mine life of 15 years, only utilises 20% of the known Global Mineral Resource. Future studies on Reguibat will examine options to expand production to fully utilise this large resource which will reduce the cash cost, improve returns and maximise cashflow. Additionally extensive radiometric surveys have allowed Aura to estimate an Exploration Target of an additional 50 Mlb U₃O₈, inferring a Global Mineral Resource target for Reguibat of approximately 100 Mlb uranium.

The Study estimates of capital and operating costs have been independently verified as being in line with expected costs for a 1 Mtpa uranium process plant at a scoping level by Tenova Mining & Minerals (Australia.) Pty Ltd (Bateman).

The highlights of the study include:

- **Life of mine average 750,000 lb U₃O₈ production for at least 15 years**
- **1.0 Mlb/year production in early years from high grade areas**
- **Low capital cost of US\$45.0 million(including 25% Contingency)**
- **Average operating cost US\$30/lb U₃O₈**
- **A pre-tax cash flow of A\$360 M**
- **IRR of 78% pre-tax and royalties**

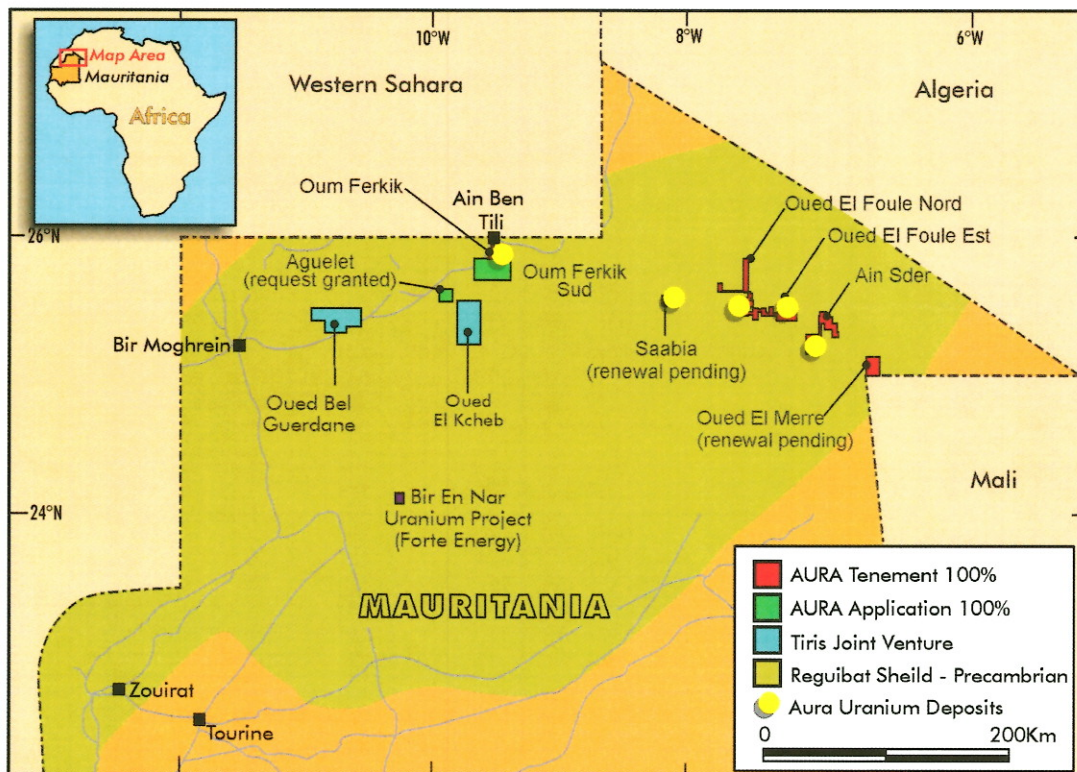
Resources

The Scoping Study is based on Mineral Resources compliant with the JORC (2012) code and has been prepared by independent consultants. The Mineral Resources used for the conceptual operation used in the Scoping Study comprise approximately 15% Indicated Resources and 85% Inferred Resources. Aura has established that the conversion from Inferred Resources to Indicated Resources is approximately 90% of the original Inferred Resource estimate. Aura therefore considers that the majority of the Inferred Resources will be converted to Indicated Resources with additional drilling.

Indicated and Inferred Resources for the Reguibat Project at a 100ppm U_3O_8 cut-off grade

	Cut-off grade	Tonnes	Grade (ppm)	Mlb U_3O_8
Total Indicated & Inferred	100	66	334	49
Indicated	100	2	300	2
Inferred	100	64	335	47

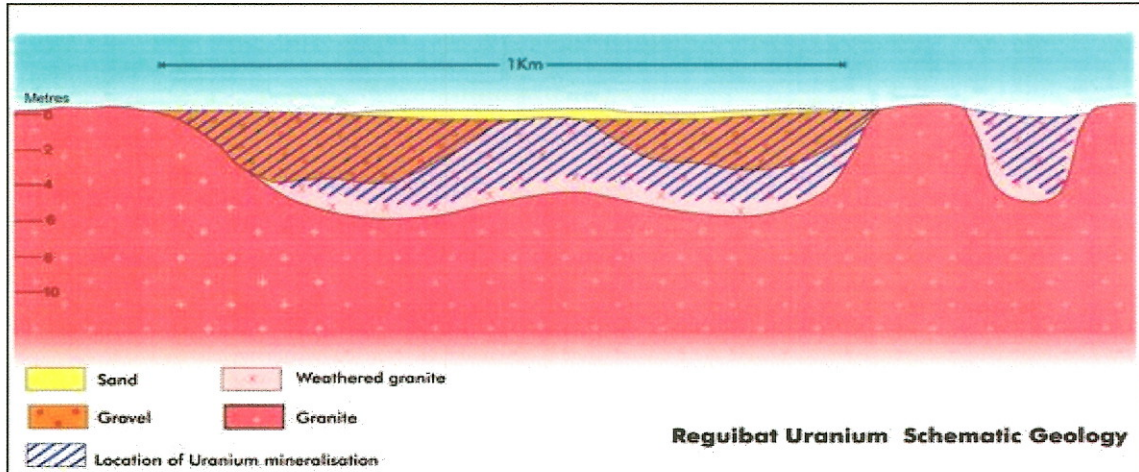
It should be noted that, for that part of the production target based on Inferred Resources, there is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production or that the production target itself will be realised.



Reguibat resource zones in Mauritania

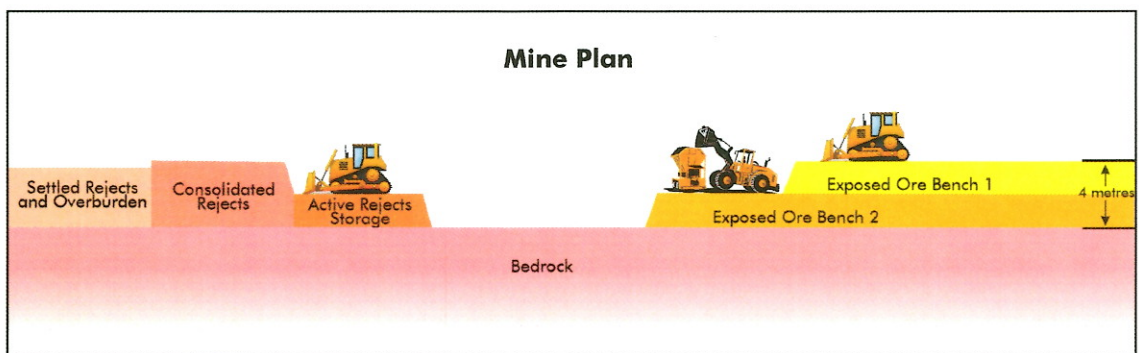
Mining

Mineralisation occurs largely within 3-4 metres of the land surface, in gravels and weathered granite as shown below.



Schematic section through a typical Reguibat uranium ore pod. Note the extensive horizontal extent.

Mining will be straightforward. Most of the mineralisation occurs as single sheets with little or no cover. The material is largely unconsolidated and can be readily excavated by diggers or scrapers without blasting. Overlying waste consists of loose windblown sand. The strip ratio is anticipated to be approximately 0.25:1.



Schematic mining plan

Beneficiation and upgrading

Simple washing and screening tests have yielded exceptional results. Wet screening at 75 μm resulted in the rejection of 80% by weight with the retention of 91% of the uranium into the screen undersize. This is within the duty range of modern commercial screening equipment.

In further testwork splitting at even finer sizes, 89% by weight was rejected when splitting at 10 μm , while remarkably still retaining 86% of the uranium into the -10 μm fraction. The average concentration of the -10 μm product was 2,500 ppm U_3O_8 . This represents a

sevenfold upgrade factor from the 334 ppm resource grade. Separations down to sizes such as this may be achievable using well-established processes such as hydrocycloning.

A fivefold upgrade factor has been used in this Scoping Study.

These exceptional results may be explained by the extremely fine size and ready liberation of the uranium mineral, carnotite, and the large difference in particle size distribution between the carnotite and the bulk of the host rock minerals.

Uranium Extraction

Following a series of encouraging small-scale preliminary tests, a standard leach test on -300 µm beneficiated material confirmed exceptional results, with 92% uranium extraction within 4 hours and 95% after 8 hours. This compares, for example, with the 92% extraction in 36 hours at Paladin's Langer Heinrich Project. This result may also be explained by the very fine size of the carnotite and its high degree of liberation.

Water

It is estimated that the Project as currently defined will require between 0.5 and 1.0 gigalitres of water per year. Aura commissioned Golder Associates Ltd to carry out a desk top study, which identified a number potential water sources. The closest is the Oued el Foule ephemeral watercourse, which occurs within a large depression around Aura's eastern permits. It is approximately 17,000 square kilometres in size, of which the lowest point is only a few kilometres from the proposed operations. Aquifers within this depression will form the first target for Aura's water source investigations.

The main water supply to the iron ore mines of northern Mauritania is the Taoudeni Basin, including the Mauritanian SNIM operations, and the new Glencore iron ore development near Zouerate. Golder Associates suggested that similar aquifers are likely to be available from known aquifers on the northern edge of the Taoudeni Basin near to the Reguibat Project.

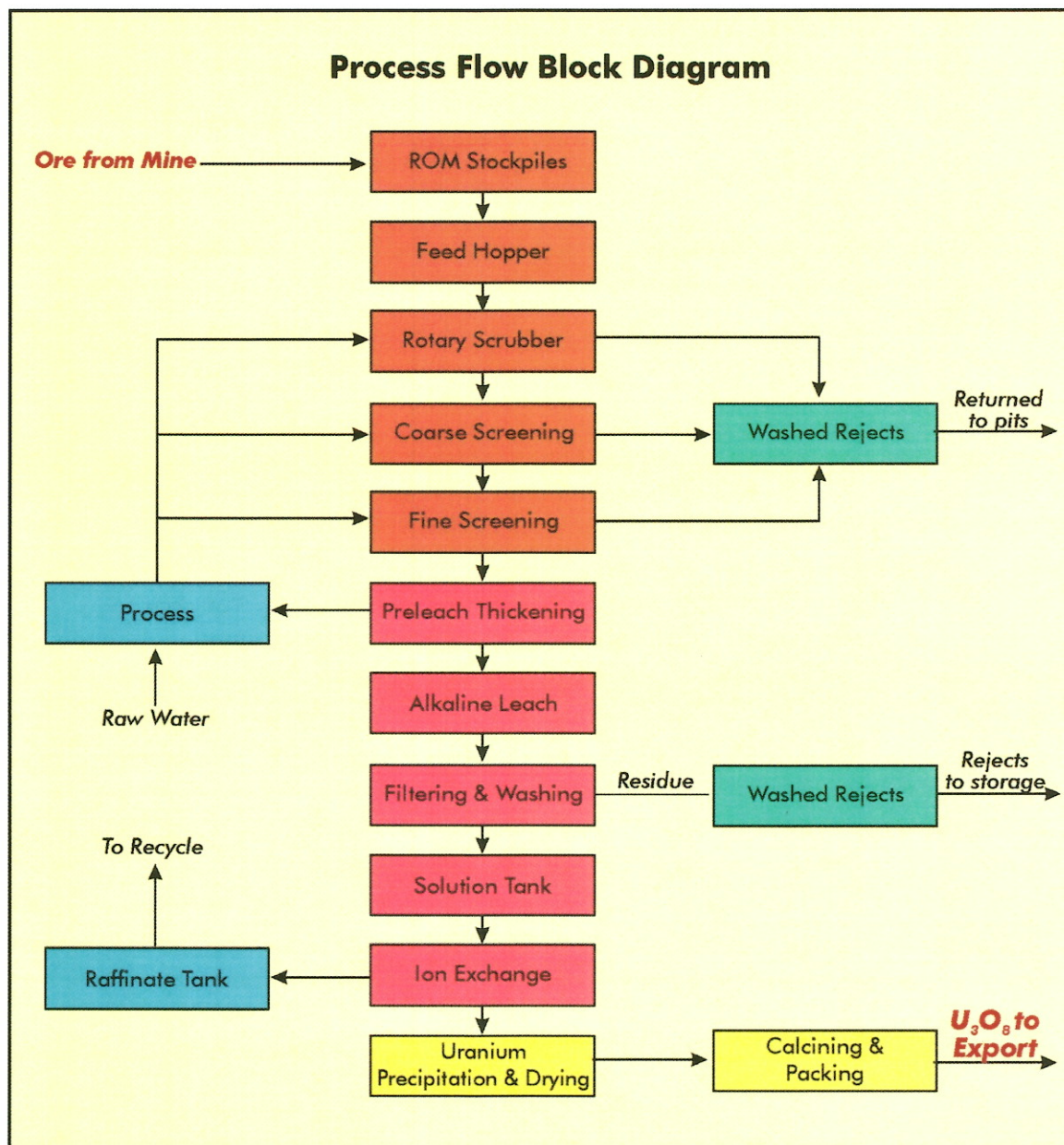
At Zouerate the aquifer occurs in fractured sedimentary rocks. The aquifer thickness there is known to be at least 500 metres, and has been exploited for 30 years, with salinities ranging from fresh to brackish. This Basin is 75 kilometres south of the Project.

Process Design

The process flowsheet adopted for the Study begins with wet drum scrubbing and two stages of wet screening to allow rejection of up to 80% of the original plant feed as essentially barren waste. The remaining 20% of fine, enriched pulp will go to standard alkaline leaching followed by ion exchange in a NIMCIX reactor. Uranium will then be stripped from the NIMCIX resin to generate a pregnant solution for precipitation as ammonium diuranate (ADU). After a dewatering step in a centrifuge the precipitate will be calcined and dried to uranium oxide ("yellowcake") for packaging and transport to customers. All of these process steps are standard and proven in the industry.

All process facilities have been centrally located, allowing a short average haul distance from the individual deposits comprising the Oued El Foule Est ("OEFE") Zone A resource, which was selected as the first to be mined.

The process plant will be made up of re-locatable process modules, primarily as a means of minimising the initial capital cost. This design will also permit the plant to be more easily moved to other resources within the Reguibat tenements when Zone A is exhausted. To the maximum extent possible, industry-proven modules will be used, or modules which will be pre-assembled and tested before export.



Capital Cost

The total estimated initial capital cost for engineering, procurement, construction, commissioning, startup and the owner's activities for the Project is A\$50.0 million.

The table below shows the estimated costs summary by main area.

Description	Cost (A\$million)	Cost (US\$million)
Mining	1.24	1.12
Process Plant	24.52	22.07
Infrastructure	10.04	9.03
EPCM	3.54	3.19
Owner's cost	1.75	1.58
Contingency	8.95	8.05
Total Capital Cost	50.04	45.04

Operating Cost

The life of mine unit operating cost estimate for the Reguibat project is estimated to be US\$30.3/lb U₃O₈.

The table below provides a summary of the costs in terms of US\$ per tonne mined.

Item	US\$/t Ore Mined	% of Total
Mining	2.59	8.9
Processing	11.77	55.0
Services	3.00	14.0
G & A	4.08	19.0
Total	21.42	100.0

Project Assumptions

The Project evaluated in the Scoping Study has been based upon the following assumptions:

Technical assumptions

- Contract mining;
- Mining at 1 Mtpa of ore and total material movement of 1.25 Mtpa;
- Mining by scraper, shovel and truck;
- Maximum haul distance 3 km, average 2 km;
- Transport costs: \$0.20/tonne kilometre for road; \$0.10/tonne rail;
- OEFE Zone A will yield 11.5 Mt @ 430 ppm U₃O₈ of plant feed (at a 300 ppm cut-off grade), and will be the only resource mined for the first 11 years;
- Leach plant recovery will be 95%;

Economic assumptions:

- | | |
|---------------------------|--|
| • Exchange rate US\$/A\$: | 0.90 |
| • Uranium price: | US\$65.00/lb U ₃ O ₈ |
| • Bicarbonate price: | A\$250.00/tonne |
| • Soda ash price: | A\$250.00/tonne |
| • Resin cost: | A\$5.00/kg |

The planned operation will produce approximately 1.0 million pounds of U₃O₈ per year in Years 2 and 3, followed by 650,000 pounds for Years 4-11, and 710,000 pounds in Years 12-15. The total uranium produced under these assumptions is 10.7 million pounds over the 15-year mine life.

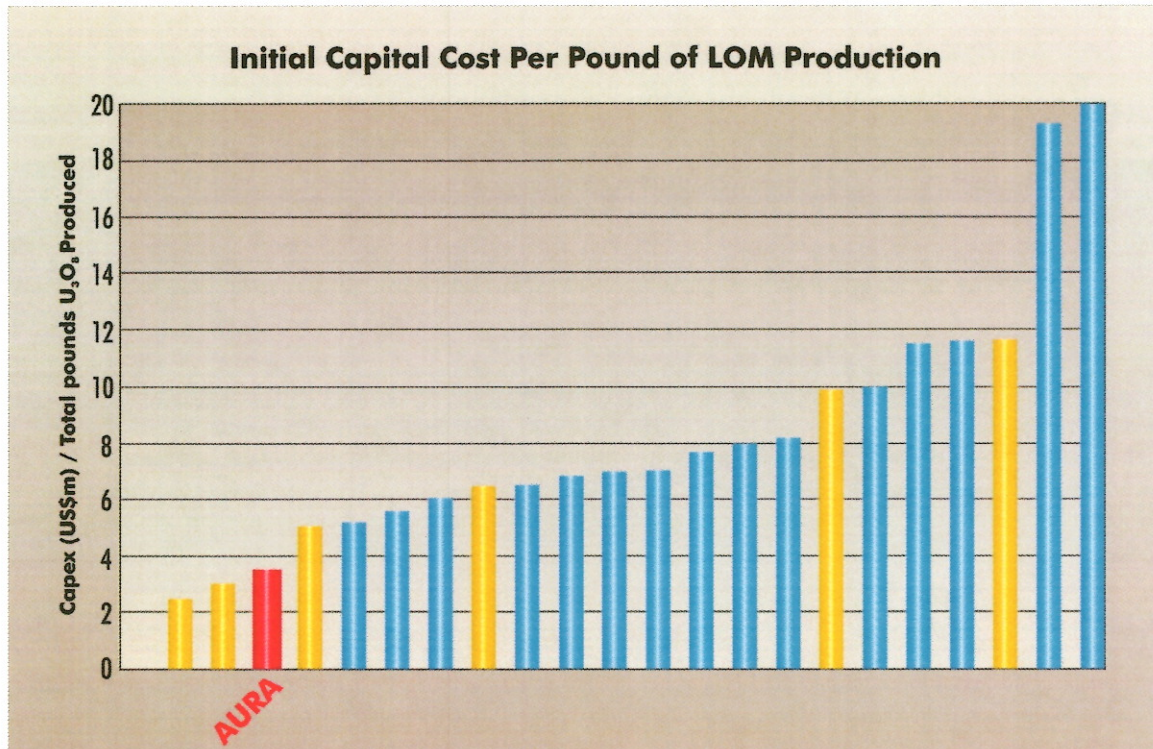
Uranium production increases in Years 12-15 but the cost of production increases in those years because ore is transported from Zones I, J or C, and transport costs exceed the benefit from higher grades.

Cash Flow Analysis

The Project based on the assumptions provided above has very robust financial characteristics, with cumulative cash flow over the 15-year mine life of \$360 M and an internal rate of return of 78% before tax and royalties.

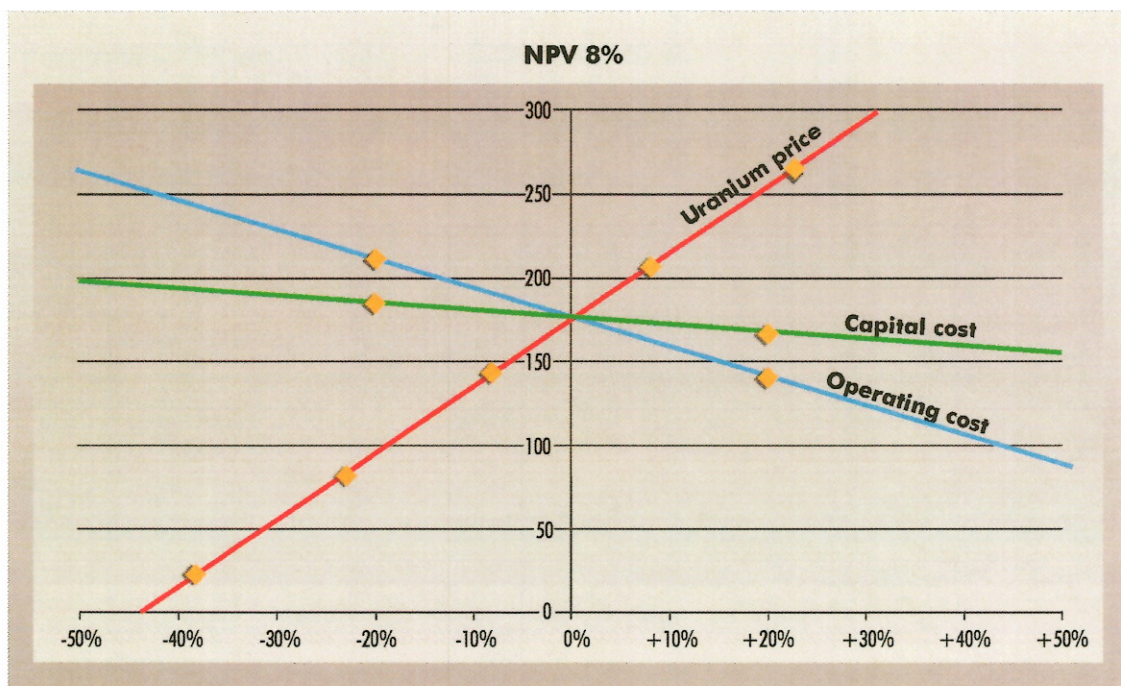
The breakeven price for the Project is US\$37/lb U₃O₈. This makes it among the lowest-cost uranium projects currently being developed. Its financial strength is the low capital cost. As can be seen from the sensitivity analysis below the capital cost has only a limited impact on the value of the project.

This Project is among the most capital efficient of current peer projects. As can be seen from the chart below, the Project capital cost per pound of U₃O₈ is the only one that strongly competes with the in-situ leach operations, which have an intrinsically low capital cost.



Ratio of capital cost (US\$m) to pounds of uranium oxide produced for recently published uranium projects; ISL projects in yellow

The sensitivity graph below indicates that the Project value changes little with changes in capital cost. The Project is sensitive to changes in operating cost, and particularly the uranium price.



Sensitivity analysis for the Reguibat Project showing the impact of percentage changes of uranium price, capex and opex on Net Present Value (NPV)

Project Opportunities

There are a number of opportunities by which the Reguibat Project might be improved further, which will be examined during the feasibility study. The principal ones noted to date are:

- A larger operation, possibly in a different, optimised location, to take advantage of the resources not included in the current Project;
- An opportunity exists for the doubling the mining rate to 2.0 Mtpa in Year 4. This expansion would only utilise approximately 50% of the current estimated resources for the Project, and consequently further expansions could be contemplated.
- An increase in the volume of the higher grade mineralisation in the various zones;
- Reduction in the amount of reagent-consuming minerals going to the leach circuit, thereby reducing purchase and transport costs;
- The use of hydrocyclones to allow the early rejection of ultrafine barren waste, which would also allow an even smaller leach plant;
- Optimising the residence time in the leach circuit, potentially reducing its size further;
- Recovery of vanadium as a by-product.;

Consultants

This internal Scoping Study has been completed with the expert support of:

<u>Tenova Mining & Minerals (Australia) Pty Ltd:</u>	Validation of process flow sheet and cost estimates
<u>ANSTO Minerals:</u>	Leach testwork
<u>Metcon Laboratories – Ammtec Ltd:</u>	Sample Preparation & Beneficiation
<u>ALS Metallurgy – Sydney</u>	Sample Preparation & Beneficiation
<u>Coffey Mining Pty Ltd:</u>	Mineral resources
<u>Oliver Mapeto, Independent Consultant:</u>	Mineral resources
<u>Golder Associates:</u>	Water sources
<u>ALS Metallurgy - Balcatta</u>	Mineralogy
<u>Pontifex and Associates Pty Ltd:</u>	Mineralogy

Competent Person

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 2012 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 information related to resources for the Reguibat Project is extracted from the report given below in this document. This report is available to view on the company's website www.auraenergy.com.au. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement. This information was prepared and first disclosed under the JORC code 2004. It has not been updated to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was reported.

Aura Energy Ltd release to the Australian Stock Exchange: First uranium resource in Mauritania, 19/07/2011